Empowering Tomorrow : Innovation for Resilience & Inclusivity

Financial Statements 2024

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Directors' Report

for the year ended 31 December 2024

The Directors have pleasure in submitting their report and the audited financial statements of Allianz Malaysia Berhad ("Company") and its subsidiaries (collectively referred to as "Group") and of the Company for the financial year ended 31 December 2024.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	**770,736**	**54,371**

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

(i) In respect of the financial year ended 31 December 2023:

Second Interim Dividend paid on 8 February 2024

- a single tier interim dividend of 82.80 sen per Irredeemable Convertible Preference Shares ("ICPS") totaling RM139,299,859.94; and
- a single tier interim dividend of 69.00 sen per ordinary share totaling RM122,798,774.91.

(ii) In respect of the financial year ended 31 December 2024:

First Interim Dividend paid on 12 June 2024

- a single tier interim dividend of 31.80 sen per ICPS totaling RM53,499,221.48; and
- a single tier interim dividend of 26.50 sen per ordinary share totaling RM47,161,847.57.

There is no final dividend declared for the financial year under review as at the date of this report.

Directors' Report
for the year ended 31 December 2024

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Zakri Bin Mohd Khir (Chairman)
Peter Ho Kok Wai
Goh Ching Yin
Gerard Lim Kim Meng
Tan Sri Datuk Zainun Binti Ali
Anusha A/P Thavarajah
Dr. Muhammed Bin Abdul Khalid
Wong Kok Leong (Appointed on 19 July 2024)
Fa'izah Binti Mohamed Amin (Appointed on 19 July 2024 and demised on 8 September 2024)

List of Directors of the subsidiaries

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and during the period from the end of the financial year to the date of this report is as follows:

Allianz Life Insurance Malaysia Berhad
Goh Ching Yin (Chairman)
Peter Ho Kok Wai
Lim Fen Nee
Foo Chee It
Ong Eng Chow

Allianz General Insurance Company (Malaysia) Berhad
Dr. Muhammed Bin Abdul Khalid (Chairman)
Lim Tuang Ooi
Wee Lay Hua
Wang Wee Keong

Directors' Report
for the year ended 31 December 2024

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Interests in the Company	As at 1.1.2024	Bought	Sold	As at 31.12.2024
Zakri Bin Mohd Khir	100	-	-	100

	Number of ICPS			
Interests in the Company	As at 1.1.2024	Bought	Sold	As at 31.12.2024
Zakri Bin Mohd Khir	200	-	-	200

	Number of registered shares			
Interests in the Ultimate Holding Company, Allianz SE	As at 1.1.2024	Bought	Sold	As at 31.12.2024
Zakri Bin Mohd Khir				
- Direct Interest	1 [a]	-	-	1
- Indirect Interest [b]	4 [a]	2 [a]	-	6

Interests in the Ultimate Holding Company, Allianz SE	As at 1.1.2024	Bought	Sold	As at 31.12.2024
Anusha A/P Thavarajah				
- Direct Interest	3 [a]	1 [a]	-	4
- Direct Interest	255.681 [c]	51.669 [c]	207	100.35

Notes:

[a] Free shares granted under Allianz Free Share Program

[b] Deemed interest by virtue of shares held by his son and daughter-in-law

[c] Shares acquired by way of exercise of Allianz Employee Share Purchase Plan

Saved as disclosed above, none of the other Directors holding office as at 31 December 2024 had any interest in the ordinary shares and/ or ICPS of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors' Remuneration" of this report or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report
for the year ended 31 December 2024

Directors' remuneration

The details of the directors' remuneration paid to the Directors of the Company during the financial year are as follows:

	Group				Company			
	Fee RM'000	Other Emoluments[a] RM'000	Benefits-in-kinds RM'000	Total RM'000	Fee RM'000	Other Emoluments[a] RM'000	Benefits-in-kinds RM'000	Total RM'000
Non-Executive Directors								
Zakri Bin Mohd Khir[b]	120	165	-	285	120	165	-	285
Peter Ho Kok Wai	324	63	-	387	204	48	-	252
Goh Ching Yin	312	210	-	522	192	48	-	240
Gerard Lim Kim Meng	192	48	-	240	192	48	-	240
Tan Sri Datuk Zainun Binti Ali	120	18	-	138	120	18	-	138
Anusha A/P Thavarajah	-	-	-	-	-	-	-	-
Dr. Muhammed Bin Abdul Khalid	282	201	7	490	162	39	-	201
Wong Kok Leong	63	9	-	72	63	9	-	72
Fa'izah Binti Mohamed Amin	19	3	-	22	19	3	-	22
Lim Tuang Ooi[c]	156	29	-	185	36	14	-	50
Wee Lay Hua[c]	156	27	-	183	36	12	-	48
Lim Fen Nee[c]	138	21	-	159	18	6	-	24
Non-Executive Directors of the Subsidiaries								
Foo Chee It	120	15	-	135				
Total remuneration of Non-Executive Directors	2,002	809	7	2,818	1,162	410	-	1,572
Executive Directors								
Wang Wee Keong[d]	-	-	-	-	-	-	-	-
Ong Eng Chow[d]	-	-	-	-	-	-	-	-
Total remuneration of Executive Directors	-	-	-	-	-	-	-	-

Notes:

[a] Other emoluments comprise Chairman's allowances and meeting allowances.

[b] In addition to the Director's remuneration, Zakri Bin Mohd Khir provides consultancy and advisory services and support to Allianz SE Singapore Branch ("AZAP") on matters relating to all Property & Casualty entities in AZAP region effective 1 January 2022. The total consultancy fees for the services rendered by Zakri Bin Mohd Khir for financial year ended 31 December 2024 amounting to RM792,909.02.

[c] The fee received by Lim Tuang Ooi, an Independent Non-Executive Director ("INED") of Allianz General Insurance Company (Malaysia) Berhad, Wee Lay Hua, INED of Allianz General Insurance Company (Malaysia) Berhad and Lim Fen Nee, INED of Allianz Life Insurance Malaysia Berhad for their services rendered as Chairman and Member of the Risk Management Committee respectively.

[d] No remuneration received for their position as the Executive Directors of the subsidiaries. The remuneration received by Wang Wee Keong for his positions as the Chief Executive Officer of the Company and the general insurance subsidiary are disclosed in Note 22.3. The remuneration received by Ong Eng Chow for his position as the Chief Executive Officer of the life insurance subsidiary is disclosed in Note 22.3.

Directors' Report

for the year ended 31 December 2024

Ultimate Holding company

The ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany.

Penultimate Holding Company

The penultimate holding company is Allianz Europe B.V., a private limited liability company incorporated and domiciled in Netherlands.

Immediate Holding company

The immediate holding company is Allianz Asia Holding Pte. Ltd., a private limited company incorporated and domiciled in Singapore.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Issue of shares

During the financial year, the Company increased its ordinary shares to 179,569,239 by the issuance of 1,600,000 ordinary shares pursuant to the conversion of 1,600,000 ICPS. Accordingly, the ICPS of the Company was reduced to 166,636,546 as at 31 December 2024.

As at 31 December 2024, the total share capital of the Company amounted to RM771,028,887. All the new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date is prior to the allotment date of the new ordinary shares.

Save as disclosed above, there were no other changes in the issued share capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and Insurance costs

The Group and the Company maintain a Directors' and Officers' Liability Insurance for the purpose of Section 289(5) of the Companies Act 2016 in Malaysia, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM78,685.

There was no indemnity given to, or insurance effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors of the Company during the financial year.

To the extent permitted by law, the Group and Company have agreed to indemnify its auditors as part of the terms of non-audit engagement against claims by third parties arising from non-audit engagement. No payment has been made to indemnify the auditors during the financial year.

However, in the ordinary course of business of the general insurance subsidiary of the Company in the underwriting of all classes of general insurance business, Allianz General Insurance Company (Malaysia) Berhad had provided a professional indemnity insurance to its auditors during the financial year.

Directors' Report

for the year ended 31 December 2024

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:-

(i) all known bad debts have been written off and adequate provision made for doubtful debts;

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise; and

(iii) there was adequate provision for insurance contract liabilities in the Group in accordance with Malaysian Financial Reporting Standard ("MFRS") 17, *Insurance Contracts*.

At the date of this report, the Directors are not aware of any circumstances:-

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts and insurance contract liabilities in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year, other than those disclosed in Note 34 to the financial statements.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due. For the purpose of this paragraph, contingent liabilities and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Directors' Report

for the year ended 31 December 2024

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

The details of the auditors' remuneration for the financial year are as follows:-

	Group RM'000	Company RM'000
Statutory audit fees	**1,453**	**208**
Other audit related fees	**681**	**460**
	2,134	**668**

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Zakri Bin Mohd Khir
Director

....

Peter Ho Kok Wai
Director

Kuala Lumpur
Date: 28 February 2025

Statements of Financial Position

as at 31 December 2024

	Note	Group 31.12 2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
Assets					
Property, plant and equipment	3	**124,100**	116,959	**1,568**	1,533
Right-of-use assets	4	**35,239**	43,670	**-**	-
Intangible assets	5	**415,387**	425,639	**2**	-
Investments in subsidiaries	6	**-**	-	**961,088**	961,088
Deferred tax assets	13	**570**	-	**570**	-
Investments	7	**25,120,955**	23,052,458	**10,045**	18,424
Derivative financial assets	8	**13,084**	17,028	**-**	-
Reinsurance contract assets	9	**525,441**	542,263	**-**	-
Current tax assets		**47,017**	36,323	**-**	-
Other assets	10	**180,016**	125,973	**37,953**	337,254
Cash and cash equivalents		**2,026,596**	1,561,635	**44,179**	44,493
Total assets		**28,488,405**	25,921,948	**1,055,405**	1,362,792
Equity					
Share capital					
– Ordinary shares	11	**241,125**	236,037	**241,125**	236,037
– Irredeemable convertible preference shares	11	**529,904**	534,992	**529,904**	534,992
Reserves	12	**5,057,079**	4,369,591	**264,987**	315,077
Total equity attributable to owners of the Company		**5,828,108**	5,140,620	**1,036,016**	1,086,106
Liabilities					
Deferred tax liabilities	13	**614,809**	539,242	**-**	101
Insurance contract liabilities	14	**21,219,875**	19,315,930	**-**	-
Reinsurance contract liabilities	15	**132,181**	69,777	**-**	-
Derivative financial liabilities	8	**3,107**	4,875	**-**	-
Lease liabilities	16	**17,731**	25,304	**-**	-
Other liabilities	17	**641,144**	803,793	**19,356**	276,493
Current tax liabilities		**31,450**	22,407	**33**	92
Total liabilities		**22,660,297**	20,781,328	**19,389**	276,686
Total equity and liabilities		**28,488,405**	25,921,948	**1,055,405**	1,362,792

The accompanying notes form an integral part of these financial statements.

Statements of Profit or Loss

for the year ended 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance revenue	18	**5,651,488**	4,941,641	**-**	-
Insurance service expenses	19	**(4,553,145)**	(3,896,553)	**-**	-
Net expenses from reinsurance contracts held	20	**(280,136)**	(228,539)	**-**	-
Insurance service result		**818,207**	816,549	**-**	-
Interest revenue on financial assets not measured at fair value through profit or loss ("FVTPL")		**557,211**	520,291	**2,064**	2,508
Net gains/(losses) on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal		**4,894**	(1,703)	**-**	-
Net gains on FVTPL investments		**860,489**	475,705	**2,281**	133
Dividend income		**153,639**	147,527	**60,288**	456,203
Net credit impairment gains on financial assets		**298**	41	**1**	-
Net investment income	21	**1,576,531**	1,141,861	**64,634**	458,844
Finance expenses from insurance contracts issued	21	**(1,190,762)**	(847,795)	**-**	-
Finance income from reinsurance contracts held	21	**14,245**	15,449	**-**	-
Net insurance finance expenses		**(1,176,517)**	(832,346)	**-**	-
Net insurance and investment results		**1,218,221**	1,126,064	**64,634**	458,844
Other operating income		**4,642**	1,132	**14**	16
Other operating expenses	22	**(216,378)**	(169,554)	**(9,165)**	(13,292)
Other finance expenses		**(1,121)**	(753)	**-**	-
Profit before tax		**1,005,364**	956,889	**55,483**	445,568
Tax expense	23	**(234,628)**	(225,981)	**(1,112)**	(609)
Profit for the year		**770,736**	730,908	**54,371**	444,959
Profit for the year attributable to: Owners of the Company		**770,736**	730,908	**54,371**	444,959
Basic earnings per ordinary share (sen)	24(a)	**401.46**	296.69		
Diluted earnings per ordinary share (sen)	24(b)	**223.21**	211.12		

The accompanying notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the year		**770,736**	730,908	**54,371**	444,959
Other comprehensive income/(losses), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Net gains on investments in debt securities measured at FVOCI	21	**20,495**	245,058	**-**	-
Net realised (gains)/losses transferred to profit or loss	21	**(4,894)**	1,703	**-**	-
Tax effects thereon		**(2,020)**	(28,934)	**-**	-
Fair value gains/(losses) on cash flow hedge	21	**1,568**	(5,831)	**-**	-
Tax effects thereon		**(125)**	466	**-**	-
Changes in expected credit losses	21	**(318)**	(17)	**-**	-
Tax effects thereon		**74**	(4)	**-**	-
Finance expenses from insurance contract issued	21	**(82,737)**	(122,130)	**-**	-
Tax effects thereon		**8,556**	15,199	**-**	-
Finance income from reinsurance contract held	21	**834**	2,052	**-**	-
Tax effects thereon		**(200)**	(492)	**-**	-
Items that will not be reclassified subsequently to profit or loss					
Net gains/(losses) on investments in equity instruments measured at FVOCI	21	**87,183**	3,580	**(5,000)**	-
Tax effects thereon		**(11,003)**	(286)	**1,200**	-
Revaluation of property, plant and equipment and right-of-use assets		**-**	4,340	**-**	-
Tax effects thereon		**-**	(394)	**-**	-
Total other comprehensive income/(losses) for the year, net of tax		**17,413**	114,310	**(3,800)**	-
Total comprehensive income for the year, net of tax		**788,149**	845,218	**50,571**	444,959
Total comprehensive income attributable to: Owners of the Company		**788,149**	845,218	**50,571**	444,959

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2024

Group	Note	Attributable to owners of the Company								
		Non-distributable						Distributable		
		Ordinary shares RM'000	ICPS RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings - Life fund* RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2024		236,037	534,992	136,525	(125,261)	52,816	64,080	1,839,772	2,465,739	5,140,620
Net gains on investments in debt securities measured at FVOCI		-	-	18,475	-	-	18,475	-	-	18,475
Net realised gains transferred to profit or loss		-	-	(4,894)	-	-	(4,894)	-	-	(4,894)
Fair value gains on cash flow hedge		-	-	1,443	-	-	1,443	-	-	1,443
Finance expense from insurance contract issued		-	-	-	(74,181)	-	(74,181)	-	-	(74,181)
Finance income from reinsurance contract held		-	-	-	634	-	634	-	-	634
Changes in expected credit losses		-	-	(244)	-	-	(244)	-	-	(244)
Net gains on investments in equity instruments measured at FVOCI		-	-	76,180	-	-	76,180	-	-	76,180
Profit for the year		-	-	-	-	-	-	132,567	638,169	770,736
Total comprehensive income/(losses) for the year		-	-	90,960	(73,547)	-	17,413	132,567	638,169	788,149
Contributions by and distributions to owners of the Company										
Conversion of Irredeemable Convertible Preference Shares to ordinary shares	11	5,088	(5,088)	-	-	-	-	-	-	-
Dividends to owners of the Company	25	-	-	-	-	-	-	-	(100,661)	(100,661)
Total transactions with owners of the Company		5,088	(5,088)	-	-	-	-	-	(100,661)	(100,661)
At 31 December 2024		241,125	529,904	227,485	(198,808)	52,816	81,493	1,972,339	3,003,247	5,828,108
		Note 11	Note 11	Note 12.1	Note 12.2	Note 12.3		Note 12.4	Note 12.4	

* Non-distributable retained earnings comprise life fund surplus (which includes participating and non-participating funds), net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the life fund to the Shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the life insurance subsidiary.

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2024

		Attributable to owners of the Company								
		Non-distributable							Distributable	
Group	Note	Ordinary shares RM'000	ICPS RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings - Life fund* RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023		236,037	534,992	(79,210)	(19,890)	48,870	(50,230)	1,692,021	2,264,334	4,677,154
Net gains on investments in debt securities measured at FVOCI		-	-	216,124	-	-	216,124	-	-	216,124
Net realised losses transferred to profit or loss		-	-	1,703	-	-	1,703	-	-	1,703
Fair value losses on cash flow hedge		-	-	(5,365)	-	-	(5,365)	-	-	(5,365)
Finance expense from insurance contract issued		-	-	-	(106,931)	-	(106,931)	-	-	(106,931)
Finance income from reinsurance contract held		-	-	-	1,560	-	1,560	-	-	1,560
Changes in expected credit losses		-	-	(21)	-	-	(21)	-	-	(21)
Net gains on investments in equity instruments measured at FVOCI		-	-	3,294	-	-	3,294	-	-	3,294
Revaluation of property, plant and equipment and right-of-use assets		-	-	-	-	3,946	3,946	-	-	3,946
Profit for the year		-	-	-	-	-	-	147,751	583,157	730,908
Total comprehensive income/(losses) for the year		-	-	215,735	(105,371)	3,946	114,310	147,751	583,157	845,218
Contributions by and distributions to owners of the Company										
Dividends to owners of the Company	25	-	-	-	-	-	-	-	(381,752)	(381,752)
Total transactions with owners of the Company		-	-	-	-	-	-	-	(381,752)	(381,752)
At 31 December 2023		236,037	534,992	136,525	(125,261)	52,816	64,080	1,839,772	2,465,739	5,140,620
		Note 11	Note 11	Note 12.1	Note 12.2	Note 12.3		Note 12.4	Note 12.4	

* Non-distributable retained earnings comprise life fund surplus (which includes participating and non-participating funds), net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the life fund to the Shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the life insurance subsidiary.

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2024

Company	Note	Attributable to owners of the Company: Non-distributable: Share capital RM'000	ICPS RM'000	FVOCI reserves RM'000	Total reserves RM'000	Distributable: Retained earnings RM'000	Total equity RM'000
At 1 January 2023		236,037	534,992	-	-	251,870	1,022,899
Profit for the year		-	-	-	-	444,959	444,959
Total comprehensive income for the year		-	-	-	-	444,959	444,959
Contributions by and distributions to owners of the Company							
Dividends to owners of the Company	25	-	-	-	-	(381,752)	(381,752)
Total transactions with owners of the Company		-	-	-	-	(381,752)	(381,752)
At 31 December 2023/At 1 January 2024		**236,037**	**534,992**	**-**	**-**	**315,077**	**1,086,106**
Net losses on investments in equity instruments measured at FVOCI		**-**	**-**	**(3,800)**	**(3,800)**	**-**	**(3,800)**
Profit for the year		**-**	**-**	**-**	**-**	**54,371**	**54,371**
Total comprehensive (losses)/income for the year		**-**	**-**	**(3,800)**	**(3,800)**	**54,371**	**50,571**
Contributions by and distributions to owners of the Company							
Conversion of Irredeemable Convertible Preference Shares to ordinary shares	11	**5,088**	**(5,088)**	**-**	**-**	**-**	**-**
Dividends to owners of the Company	25	**-**	**-**	**-**	**-**	**(100,661)**	**(100,661)**
Total transactions with owners of the Company		**5,088**	**(5,088)**	**-**	**-**	**(100,661)**	**(100,661)**
At 31 December 2024		**241,125**	**529,904**	**(3,800)**	**(3,800)**	**268,787**	**1,036,016**
		Note 11	Note 11	Note 12.1		Note 12.4	

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities					
Profit before tax		**1,005,364**	956,889	**55,483**	445,568
Purchase of financial assets at FVOCI		**(6,216,261)**	(6,687,714)	**(1,436,151)**	(1,561,871)
Maturity of financial assets at FVOCI		**3,553,088**	2,804,162	**1,447,236**	1,565,828
Proceeds from sale of financial assets at FVOCI		**1,812,879**	2,990,002	**-**	-
Purchase of financial assets at FVTPL		**(2,996,830)**	(2,558,422)	**(400)**	(4,146)
Maturity of financial assets at FVTPL		**381,236**	171,104	**-**	-
Proceeds from sale of financial assets at FVTPL		**2,091,962**	1,098,387	**-**	-
Non-cash items:					
Investment income		**(991,351)**	(911,083)	**(62,551)**	(458,608)
Realised gains recorded in profit or loss		**(183,800)**	(2,362)	**-**	-
Interest on lease liabilities		**1,121**	753	**-**	-
Fair value gains on investments recorded in profit or loss		**(409,150)**	(224,574)	**(2,281)**	(133)
Unrealised foreign exchange losses/(gains)		**30,079**	(18,322)	**-**	-
Depreciation of property, plant and equipment	3	**14,725**	16,201	**316**	320
Depreciation of right-of-use assets	4	**21,476**	20,745	**-**	-
Impairment of property, plant and equipment		**-**	60	**-**	-
Amortisation of intangible assets	5	**30,053**	28,092	**-**	-
Reversal of expected credit losses		**(298)**	(41)	**(1)**	-
Gains on disposal of property, plant and equipment		**(107)**	(2)	**-**	-
Gains on disposal of right-of-use assets		**(36)**	-	**-**	-
Property, plant and equipment written off		**1,228**	448	**8**	-
Reversal of impairment losses on LRC receivables		**(209)**	(3,455)	**-**	-
Bad debts recovered on LRC receivables		**-**	(26)	**-**	-
Bad debts written off on LRC receivables		**-**	2,798	**-**	-
Net gains on financial investments and derivatives		**(52,677)**	(3,789)	**(4,999)**	-
Operating losses before changes in working capital		**(1,907,508)**	(2,320,149)	**(3,340)**	(13,042)

Statements of Cash Flows

for the year ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Changes in working capital:					
(Increase)/Decrease in other assets		**(54,043)**	2,684	**(18,554)**	(8,438)
Increase in insurance contract liabilities		**1,893,320**	1,221,894	**-**	-
Increase in reinsurance contract liabilities		**80,060**	42,655	**-**	-
Increase in other liabilities		**102,306**	103,034	**4,962**	5,325
Cash generated from/(used in) operations		**114,135**	(949,882)	**(16,932)**	(16,155)
Tax paid		**(237,902)**	(211,860)	**(642)**	(514)
Dividends received		**153,639**	147,527	**378,143**	377,921
Interest income received		**862,340**	774,578	**2,238**	2,571
Interest paid on lease liabilities		**(1,121)**	(753)	**-**	-
Net cash generated from/(used in) operating activities		**891,091**	(240,390)	**362,807**	363,823
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		**873**	385	**-**	-
Proceeds from disposal of right-of-use asset		**404**	-	**-**	-
Acquisition of property, plant and equipment		**(32,008)**	(32,234)	**(359)**	(117)
Acquisition of intangible assets		**(11,653)**	(21,904)	**(2)**	-
Net cash used in investing activities		**(42,384)**	(53,753)	**(361)**	(117)
Cash flows from financing activities					
Dividends paid to owners of the Company		**(362,760)**	(381,752)	**(362,760)**	(381,752)
Repayment of lease liabilities		**(20,986)**	(21,410)	**-**	-
Net cash used in financing activities		**(383,746)**	(403,162)	**(362,760)**	(381,752)
Net increase/(decrease) in cash and cash equivalents		**464,961**	(697,305)	**(314)**	(18,046)
Cash and cash equivalents at 1 January		**1,561,635**	2,258,940	**44,493**	62,539
Cash and cash equivalents at 31 December		**2,026,596**	1,561,635	**44,179**	44,493

Statements of Cash Flows

for the year ended 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and cash equivalents comprise:					
Fixed deposits with licensed financial institutions (with maturity of less than three months)		**1,945,254**	1,473,681	**42,635**	42,995
Cash and bank balances		**81,342**	87,954	**1,544**	1,498
		2,026,596	1,561,635	**44,179**	44,493

The Group classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of cash flows for payments of claims incurred for insurance contracts, which are respectively treated under operating activities.

Included in the fixed deposits and other liabilities are RM118,927,000 (2023: RM106,497,800) held as cash collateral for guarantees issued to the beneficiaries on behalf of the policyholders.

Group and Company

Reconciliation of liabilities arising from financing activities

	Note	Lease liabilities RM'000	Total RM'000
At 1 January 2023		19,171	19,171
Cash flows		(22,163)	(22,163)
Interest charge		753	753
Lease additions		8,722	8,722
Modification/Termination of lease		18,821	18,821
At 31 December 2023/At 1 January 2024	16	**25,304**	**25,304**
Cash flows		**(22,107)**	**(22,107)**
Interest charge		**1,121**	**1,121**
Lease additions		**1,677**	**1,677**
Modification/Termination of lease		**11,736**	**11,736**
At 31 December 2024	16	**17,731**	**17,731**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Allianz Malaysia Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Level 29, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2024 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6.

The ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany.

The penultimate holding company is Allianz Europe B.V., a private limited liability company incorporated and domiciled in Netherlands.

The immediate holding company is Allianz Asia Holding Pte. Ltd., a private limited company incorporated and domiciled in Singapore.

The financial statements were authorised for issue by the Board of Directors on 28 February 2025.

1. Basis of preparation

1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") for the financial year beginning on or after 1 January 2024 and adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the above did not have any significant effects on the Group's and the Company's financial statements for the financial year ended 31 December 2024 and/or prior periods upon their initial application, and it is not likely to affect future periods.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

The following are accounting standards, amendments to standards and interpretations that have been issued by MASB but not yet effective and have not been early adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

The adoption of these amendments will not have material impact to the Group and the Company in future periods, other than as disclosed under Notes 1.2 and 1.3 below.

1.2 Amendments to MFRS 9, Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments

Amendments to MFRS 9 and MFRS 7 provides clarification on:

a. a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
b. way to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance ("ESG")-linked features and other similar contingent features.
c. the treatment of non-recourse assets and contractually linked instruments.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9 and MFRS 7 amendments.

1.3 MFRS 18, Presentation and Disclosure in Financial Statements

MFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

MFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. MFRS 18 also requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.3 MFRS 18, Presentation and Disclosure in Financial Statements (continued)

Management-defined performance measures

MFRS 18 introduces the concept of a management-defined performance measure ("MPM") which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. MFRS 18 also requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by MFRS 18 or another MFRS accounting standard.

Location of information, aggregation and disaggregation

MFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. MFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 18.

1.4 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1.5 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1.6 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of financial statement, and the reported amount of income and expenses during the year. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 2.21.1 - Valuation of general insurance and reinsurance contracts
Note 2.21.2 - Valuation of life insurance and reinsurance contracts

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.21.

Notes to the Financial Statements

2. Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

2.1 Basis of consolidation

2.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group and the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Group has determined that the investment in structured securities, such as unit trust investments that the Group has an interest in are structured entities.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's separate statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.1.2 Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.1 Basis of consolidation (continued)

2.1.3 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.2 Foreign currency

Foreign currency transactions and balances

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The financial statements are presented in RM, which is the Group's functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising from settlement of foreign currency transactions and from retranslation of monetary assets and liabilities are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

2.3 Property, plant and equipment

2.3.1 Recognition and measurement

All items of property, plant and equipment except for work-in-progress are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Work-in-progress is stated at cost less accumulated impairment.

The Group revalues its properties comprising land and buildings every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.3 Property, plant and equipment (continued)

2.3.1 Recognition and measurement (continued)

The revalued amounts of property are determined by using the Comparison Method. The Comparison Method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

Valuation of the properties involves a degree of judgement before arriving at the respective property's revalued amount. As such, the revalued amount of the properties may be different from its actual market price.

Surpluses arising from revaluation are credited to revaluation reserve account via the statement of other comprehensive income. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised on a net basis within "realised gains and losses" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

2.3.2 Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g); otherwise, it is recognised in "other operating expenses".

2.3.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g); otherwise, it is recognised in "other operating expenses" on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Work-in-progress are not depreciated until the assets are ready for their intended use.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.3 Property, plant and equipment (continued)

2.3.3 Depreciation (continued)

The estimated useful lives for intangible assets are as follows:

Buildings	50 years
Office equipment, furniture and fittings	2 to 10 years
Computers	5 years
Motor vehicles	5 years
Office renovations and partitions	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 2.5.1 on right-of-use assets for these assets.

2.4 Intangible assets

2.4.1 Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses. See accounting policy in Note 2.7(ii) on impairment of goodwill.

2.4.2 Development costs

Expenditure incurred on software development is capitalised, only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g); otherwise, it is recognised in "other operating expenses" as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.4.3 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.4 Intangible assets (continued)

2.4.4 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g); otherwise, it is recognised in "other operating expenses" as incurred.

2.4.5 Amortisation

Intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an intangible asset less its residual value. Amortisation is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g); otherwise, it is recognised in "other operating expenses" on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current and comparative periods is as follows:

Capitalised software development costs	3 to 5 years
Other intangible assets	10 to 15 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2.5 Leases

2.5.1 Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e., the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.5 Leases (continued)

2.5.1 Accounting by lessee (continued)

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are subsequently measured at valuation/cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group.

ROU assets are presented as a separate line item in the statement of financial position.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentive receivable.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g); otherwise, it is recognised in "other finance expenses".

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise photocopiers. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g); otherwise, it is recognised in "other finance expenses".

Notes to the Financial Statements

2. Material accounting policies (continued)

2.5 Leases (continued)

2.5.2 The Group and the Company as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating lease

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

2.6 Financial instruments

2.6.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date (that is, the date on which the Group commits to purchase or sell the asset).

At initial recognition, the Group measures a financial asset or financial liability at its fair value, plus or minus (in the case of a financial asset or financial liability not at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

2.6.2 Amortised cost and effective interest rates

Amortised cost ("AC") is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.2 Amortised cost and effective interest rates (continued)

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is, its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

2.6.3 Financial instrument categories and subsequent measurement

The Group categorises and measures financial instruments as follows:

Financial assets

The Group classifies its financial assets into the following measurement categories:

(a) Amortised cost;
(b) FVOCI; or
(c) FVTPL.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depend on:

(a) the Group's business model for managing the asset; and
(b) the cash flow characteristics of the asset (represented by solely payments of principal and interest ("SPPI")).

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Debt instruments (continued)

(b) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net investment income. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

(c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the consolidated statement of profit or loss within net gains on FVTPL investments in the period in which it arises.

The business model reflects how the Group manages assets in order to generate cash flows. That is, it reflects whether the Group's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets held for trading purposes), the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (that is, interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group reclassifies debt investments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Debt instruments (continued)

The Group might also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets).

The Group subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Net gains/(losses) on FVTPL investments' in the consolidated statement of profit or loss.

The Group has classified and measured equity instruments and bond investments that are not held for trading at FVOCI. The financial assets of the Group are for the purpose of backing insurance liabilities, hence the hold and sell business model is adopted with FVOCI as a relevant measurement approach.

Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at AC and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

Classification and subsequent measurement

In both the current and prior periods, financial liabilities are classified and subsequently measured at AC, except for derivatives, which are measured at FVTPL.

Derecognition

Financial liabilities are derecognised when they are extinguished (that is, when the obligation specified in the contract is discharged, is cancelled or expires).

Notes to the Financial Statements

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.4 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.6.5 Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

The Group enters into cross currency swaps arrangement as cash flow hedging instruments to hedge against variability in FCF arising from movements in foreign exchange rates of foreign currency-denominated debt securities.

2. Material accounting policies (continued)

2.7 Impairment

(i) Financial assets

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage ECL impairment model:

Stage 1 – from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).

Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the financial asset (Lifetime ECL).

Stage 3 – when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime ECL is to be recognised (Lifetime ECL).

As all financial assets within the scope of MFRS 9 impairment model will be assessed for at least 12-month ECL, the total allowance for credit losses is expected to increase under MFRS 9 relative to the allowance for credit losses under MFRS 139.

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated FCF are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (groups of CGUs) on a *pro rata* basis.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.7 Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(iii) LRC – Expected premium receipts net of insurance acquisition cash flow

The Group assessed the recoverability of the LRC - expected premium receipts net of insurance acquisition cash flow and charge the impairment allowance to profit or loss accordingly.

The Group applied the simplified ECL concept under MFRS 9 to incorporate forward-looking elements.

2.8 Cash and cash equivalents and placements with financial institutions

Cash and cash equivalents consist of cash on hands, balances and fixed deposits with financial institutions and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

2.9 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

2.9.1 Ordinary share capital

Ordinary share capital is classified as equity.

2.9.2 Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

2.9.3 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and accounted for in the equity as an appropriation of retained earnings when they are approved for payment.

Dividends for the year that are approved after the end of the reporting period are dealt with as a subsequent event.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.10 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected FCF at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote. Contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

2.11 Other financial liabilities

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

2.12 Life insurance and reinsurance contracts

2.12.1 Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets.

The measurement of a group of contracts by line of businesses are determined as follows:

Contracts Not Measured Under the Premium Allocation Approach (PAA)

These contracts cover multiple lines of business (LoB) including protection and health, savings, unit-linked with guarantees and unit-linked without guarantees. The primary business derives from investment-linked portfolios, which focus on protection and health LoB.

Contracts Measured Under the Premium Allocation Approach (PAA)

These contracts are predominantly associated with group employee benefit business, with a significant focus on protection and health LoB.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.1 Definition and classification (continued)

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the boundary.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held, unless specifically stated otherwise.

2.12.2 Unit of account

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No groups for level of aggregation purposes may contain contracts issued more than one year apart. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

(a) contracts that are onerous at initial recognition (if any);
(b) contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any); and
(c) a group of the remaining contracts in the portfolio (if any).

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.3 Recognition and derecognition

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Insurance contracts with discretionary participation features are accounted for under the insurance accounting provisions of MFRS 17.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date.

(a) Reinsurance contracts initiated by the Group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.

(b) Other reinsurance contracts initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into at or before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Group's excess of loss and stop loss reinsurance contracts.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.3 Recognition and derecognition (continued)

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
   i. is not within the scope of MFRS 17;
   ii. results in different separable components;
   iii. results in a substantially different contract boundary; or
   iv. belongs to a different group of contracts;

(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

(a) adjusts the FCF to eliminate the PVFCF and risk adjustment ("RA") for non-financial risk relating to the rights and obligations removed from the group;

(b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
   i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
   ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
   iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and

(c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.3 Recognition and derecognition (continued)

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
(b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

2.12.4 Measurement

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, the Group first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts.

MFRS 17 includes three measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance: the building block approach ("BBA"), the variable fee approach ("VFA"), and the premium allocation approach ("PAA").

The general measurement model, also known as the building block approach ("BBA"), consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that an entity will recognise as it provides services over the coverage period.

PAA is a simplified approach for the measurement of the liability of remaining coverage an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the BBA or if the coverage period of each contract in the group of insurance contracts is one year or less.

The Group has assessed that direct participating businesses, where the rules on profit sharing are defined by legal/contractual rights, qualify for the variable fee approach eligibility. Non-participating business under business without policyholder participation, including savings and risk business, are accounted for under the BBA.

The Group assesses unit-linked insurance contracts to be eligible for the variable fee approach. Shareholder's share of unrealised capital gains is part of the insurance liabilities accounted for under the VFA.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.4 Measurement (continued)

The measurement principles of MFRS 17 as follows:

Separation of components

MFRS 17 requires the separation of embedded derivatives, investment components, and performance obligations to provide non-insurance goods and services, if certain conditions are met. The separated components need to be accounted for separately according to MFRS 9 (embedded derivatives, investment components) or MFRS 15 (non-insurance goods and services). An investment component is classified as being distinct or non-distinct. Investment components that are non-distinct are not to be separated from the host insurance contract but are excluded from insurance revenue and insurance service expenses.

Liability for remaining coverage ("LRC")

The LRC under PAA is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

The LRC under the BBA/VFA consists of the fulfilment cash flows related to future services and the contractual service margin ("CSM"). The fulfilment cash flows represent the risk adjusted present value of Group's rights and obligations to the policyholders, comprising the building blocks of estimates of expected future cash flows, discounting, and an explicit risk adjustment for non-financial risk.

Liability for incurred claims ("LIC")

The LIC is measured at the fulfilment cash flows relating to incurred claims. It comprises the fulfilment cash flows related to past service the reporting date. It is calculated at a level of aggregation determined by the Group. The LIC consists of the present value of future cash flows relating to incurred claims and the risk adjustment for non-financial risk.

Estimates of expected cash flows

The estimates of future cash flows comprise all cash flows expected to arise as the insurance contract is fulfilled. In estimating these future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include premiums from policyholders, payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling the contracts.

Discounting

Discount rate is determined by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts.

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation an entity would require for bearing non-financial risks, i.e. the uncertainty of cash flows that arise from insurance contracts, other than the uncertainty arising from financial risks. Such non-financial risks include insurance risks, lapse and expense risk.

2. **Material accounting policies (continued)**

2.12 Life insurance and reinsurance contracts (continued)

2.12.4 Measurement (continued)

Contractual service margin

The contractual service margin for BBA gets adjusted for selected variances relating to current services, changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the contractual service margin is recognised in profit or loss each period to reflect the services provided in that period based on "coverage units".

Reinsurance contracts held

For reinsurance contracts held, the Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. Measurement of the reinsurance contract assets is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the FCF within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of FCF:

(a) are based on a probability-weighted mean of the full range of possible outcomes;
(b) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
(c) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

The estimates of FCF are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the PVFCF include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group uses consistent assumptions to measure the estimates of the PVFCF for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.4 Measurement (continued)

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

(a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
(b) both of the following criteria are satisfied:
  i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The quota share and surplus reinsurance contracts held by the Group cover the underlying contracts issued within the term and provides unilateral rights to both the Group and the reinsurer to terminate the contracts by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

The excess of loss reinsurance contract held by the Group has an annual term and covers claims from underlying contracts incurred within the year. Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.4 Measurement (continued)

Insurance acquisition costs

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

(a) to that group; and
(b) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated FCF, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

2.12.5 Initial and subsequent measurement – Group of contracts not measured under the PAA

(a) Initial measurement

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

(a) the initial recognition of the FCF;
(b) cash flows arising from the contracts in the group at that date;
(c) the derecognition of any insurance acquisition cash flows asset; and
(d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are derecognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.5 Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(a) Initial measurement (continued)

Contractual service margin (continued)

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

(a) the initial recognition of the FCF;
(b) cash flows arising from the contracts in the group at that date;
(c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
(d) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

(b) Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

(a) the LRC, comprising:
  i. the FCF related to future service allocated to the group at that date; and
  ii. the CSM of the group at that date; and
(b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

(a) the remaining coverage, comprising:
  i. the FCF related to future service allocated to the group at that date; and
  ii. the CSM of the group at that date; and
(b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.5 Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of FCF and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

(a) changes that relate to current or past service are recognised in profit or loss; and
(b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the BBA, the following adjustments relate to future service and thus adjust the CSM:

(a) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;
(b) changes in estimates of the PVFCF in the LRC, except those described in the following paragraph;
(c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing:
    (i) the actual investment component that becomes payable in a period with;
    (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
(d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (d) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

For insurance contracts under the BBA, the following adjustments do not adjust the CSM:

(a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
(b) changes in the FCF relating to the LIC;
(c) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
(d) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.5 Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

(a) changes in the amount of the Group's share of the fair value of the underlying items; and
(b) changes in the FCF that do not vary based on the returns of underlying items:
   i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
   ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;
   iii. changes in estimates of the PVFCF in the LRC, except those described in the following paragraph;
   iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
   v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii)-(v) are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

(a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
(b) changes in the FCF that do not vary based on the returns of underlying items:
   i. changes in the FCF relating to the LIC; and
   ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
   iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group does not have any products with complex guarantees and does not use derivatives as economic hedges of the risks.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.5 Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

(a) The effect of any new contracts added to the group.
(b) For contracts measured under the BBA, interest accreted on the carrying amount of the CSM.
(c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
(d) The effect of any currency exchange differences.
(e) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

(a) The effect of any new contracts added to the group.
(b) Interest accreted on the carrying amount of the CSM.
(c) Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
(d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
(e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
(f) The effect of any currency exchange differences.
(g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

Interest accretion on the CSM

Under the BBA, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items. If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Notes to the Financial Statements

2. **Material accounting policies (continued)**

2.12 Life insurance and reinsurance contracts (continued)

2.12.5 Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in Fulfilment Cash Flows.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service), and the management of underlying items on behalf of the policyholder (investment-related service).

The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Group expects these amounts to include an investment return that is achieved by the Group by performing investment activities to generate that investment return.

The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period.

The coverage period for these contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.5 Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

Onerous contracts – Loss component (continued)

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

(a) expected incurred claims and other directly attributable expenses for the period;
(b) changes in the risk adjustment for non-financial risk for the risk expired; and
(c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

2.12.6 Initial and subsequent measurement – Group of contracts measured under the PAA

(a) Initial measurement

The Group uses the PAA for measuring contracts with a coverage period of one year or less.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid and any amounts arising from the derecognition of the insurance acquisition cash flows liabilities.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

(a) the LRC; and
(b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.6 Initial and subsequent measurement – Group of contracts measured under the PAA (continued)

(a) Initial measurement (continued)

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

(a) the remaining coverage; and
(b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

(a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) increased for ceding premiums paid in the period; and
(b) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's nonperformance.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the BBA. FCF are adjusted for the time value of money.

2.12.7 Amount recognised in comprehensive income

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.7 Amount recognised in comprehensive income (continued)

Insurance revenue (continued)

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:

  (a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    i. amounts allocated to the loss component;
    ii. repayments of investment components and policyholder rights to withdraw an amount;
    iii. insurance acquisition expenses; and
    iv. amounts related to the risk adjustment for non-financial risk;

  (b) amounts of the CSM recognised for the services provided in the period;

  (c) experience adjustments – arising from premiums received in the period other than those that relate to future service; and

  (d) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

  Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims and benefits, excluding investment components reduced by loss component allocations;
(b) other incurred directly attributable expenses;
(c) insurance acquisition cash flows amortisation;
(d) changes that relate to past service – changes in the FCF relating to the LIC; and
(e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.7 Amount recognised in comprehensive income (continued)

Net income (expenses) from reinsurance contract held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

(a) reinsurance expenses;
(b) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
(c) other incurred directly attributable expenses;
(d) changes that relate to past service – changes in the FCF relating to incurred claims recovery; and
(e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
   i. income on initial recognition of onerous underlying contracts; and
   ii. reversals of a loss-recovery component.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

(a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
   - amounts allocated to the loss-recovery component;
   - repayments of investment components; and
   - amounts related to the risk adjustment for non-financial risk (see (b));
(b) release of risk adjustment for non-financial risk;
(c) amounts of the CSM recognised for the services received in the period; and
(d) experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.7 Amount recognised in comprehensive income (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money;
(b) the effect of changes in the risk of reinsurers' non-performance; and
(c) the effect of financial risk and changes in financial risk.

For contracts measured under the BBA, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the FCF and the CSM;
(b) the effect of changes in interest rates and other financial assumptions; and
(c) foreign exchange differences.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the LIC; and
(b) the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the BBA and the PAA, the Group includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the PL option)) is applied.

For the contracts measured using the VFA, the OCI option is applied. Since the Group holds the underlying items for these contracts, the use of the OCI option results in the elimination of accounting mismatches, with income or expenses included in profit or loss on the underlying assets held. The amount that exactly matches income or expenses recognised in profit or loss on underlying assets is included in finance income or expenses from insurance contracts issued. The remaining amount of finance income or expenses from insurance contracts issued for the period is recognised in OCI.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.8 Transition

For non-life insurance contracts, all lines of business qualify for the premium allocation approach eligibility at transition. As such, the full retrospective approach has been applied to all groups of insurance and reinsurance contracts, except for groups with exposure in 2017 and prior. Due to the unavailability of locked-in interest rate curves for 2017 and prior, the fair value approach is applied to these groups.

In respect of reinsurance contracts held, the modified retrospective approach has been applied to the reinsurance contracts held in annual cohorts prior to 2021, while the full retrospective approach has been applied to reinsurance contracts held in annual cohorts 2021 or 2022.

The quantitative impact of the Group applying MFRS 17 is disclosed in Notes 18 and 20.

2.13 General insurance operations

(a) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired and reinsurance contracts held, unless specifically stated otherwise.

(b) Unit of account

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No groups for level of aggregation purposes may contain contracts issued more than one year apart. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

(a) contracts that are onerous at initial recognition (if any);
(b) contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any); and
(c) a group of the remaining contracts in the portfolio (if any).

Notes to the Financial Statements

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(b) Unit of account (continued)

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

(a) contracts for which there is a net gain at initial recognition, if any;
(b) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(c) remaining contracts in the portfolio, if any.

Before the Group accounts for an insurance contract based on the guidance in MFRS 17, it analyses whether the contract contains distinct components that should be separated. MFRS 17 distinguishes three categories of distinct components which must be accounted for under another MFRS instead of under MFRS 17:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

Currently, the Group's products do not include any distinct components that require separation and apply MFRS 17 to all components of the insurance contract.

When determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract in the legal form. Currently, the Group does not have any contracts that require combination of insurance contracts, and separates components within a single contract for several package products.

(c) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(c) Recognition and derecognition (continued)

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  - (i) the beginning of the coverage period of the group of reinsurance contracts; and
  - (ii) the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

  Unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
  - i. is not within the scope of MFRS 17;
  - ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts; or

(b) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, component separation requirements and contract aggregation requirements.

When an insurance contract is derecognised, any net difference between the derecognised part of the LRC of the original contract and any other cash flows will be charged immediately to profit or loss to remove related rights and obligations.

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(d) Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

(a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
(b) both of the following criteria are satisfied:
  i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

(e) Measurement

The Group applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

(a) The coverage period of each contract in the group of insurance contracts is one year or less; or
(b) For contracts longer than one year, the Group has applied PAA eligibility test and reasonably expects that the measurement is not materially different from that under the general measurement model.

Initial measurement

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(e) Measurement (continued)

Initial measurement (continued)

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The fulfilment cash flows include an explicit risk adjustment for non-financial risk. A loss component is established by the Group for the LRC for such onerous group depicting the losses recognised.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Subsequent measurement

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

(a) the LRC; and
(b) the LIC, comprising the PVFCF related to past service allocated to the group at the reporting date, including an explicit adjustment for non-financial risk (risk adjustment).

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

(a) the remaining coverage; and
(b) the incurred claims, comprising the PVFCF related to past service allocated to the group at the reporting date, including an explicit adjustment for non-financial risk (risk adjustment).

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

(a) increased for premiums received in the period;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts recognised as insurance revenue for the services provided in the period; and
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) increased for ceding premiums paid in the period; and
(b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the asset for remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance and reinsurance premiums are due within the coverage period of contracts, which is generally one year or less.

There are no investment components within insurance contracts issued.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(e) Measurement (continued)

Subsequent measurement (continued)

The Group assesses its reinsurance contracts to determine any investment components, defined as amounts expected to be received from the reinsurer under all circumstances. Fixed ceding commissions, which are not claim-contingent, are settled net of ceding premiums rather than separately by reinsurers. These commissions reduce the premium charged by reinsurers and are not treated as investment components; instead, they are presented as a reduction in ceding premiums.

Reinsurance profit commission or sliding scale commissions, contingent on claims, are considered investment components because they guarantee a minimum receipt by the cedant. These components are non-distinct, as they cannot be independently sold, measured, or utilized without the reinsurance elements. Reinsurance commissions that are contingent on claims are adjusted according to the claims that are incurred, and the Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held.

Reinsurance contracts with non-distinct investment components are not separately accounted for under MFRS 17.

The Group estimates the LIC as the FCF related to incurred claims. FCF incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those FCF, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group adjust the FCF for the time value of money, since insurance contracts issued by the Group typically have a claims settlement period of over one-year.

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued except the following:

(a) For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer;
(b) In the measurement of reinsurance contracts held, the probability-weighted estimates of the PVFCF include the allowance for non-performance risk of the reinsurer;
(c) Loss recovery component will subsequently be reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

(f) Recognition and measurement of insurance acquisition cash flows

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis; and amortised over the coverage period of the related group.

Notes to the Financial Statements

2. **Material accounting policies (continued)**

2.13 **General insurance operations (continued)**

(f) **Recognition and measurement of insurance acquisition cash flows (continued)**

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group. Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

(g) **Amount recognised in comprehensive income**

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

Insurance revenue is the amount of:

(a) Expected premium receipts based on the passage of time for the Group's insurance contracts issued; and
(b) Expected premium receipts based on the passage of time for the Group's reinsurance inward contracts issued. The expected premium receipts are reduced by the fixed reinsurance inward commissions that are not contingent on claims and are settled net of reinsurance premiums received from cedants.

The Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims and benefits;
(b) other incurred directly attributable expenses;
(c) insurance acquisition cash flows amortisation based on the passage of time;
(d) changes that relate to past service – changes in the FCF relating to the LIC; and
(e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Net income (expenses) from reinsurance contract held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

(a) reinsurance expenses;
(b) incurred claims recovery;
(c) other incurred directly attributable expenses;
(d) changes that relate to past service – changes in the FCF relating to incurred claims recovery; and
(e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
    i. income on initial recognition of onerous underlying contracts; and
    ii. reversals of a loss-recovery component.

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(g) Amount recognised in comprehensive income (continued)

Net income (expenses) from reinsurance contract held (continued)

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. The reinsurance expenses are recognised based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money;
(b) the effect of changes in the risk of reinsurers' non-performance; and
(c) the effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

(a) interest accreted on the LIC; and
(b) the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group applies the OCI option and recognises the impact of changes in discount rates and other financial variables arising from the application of MFRS 17 in OCI. This is to minimise the accounting mismatch between the accounting for investments and insurance assets and liabilities as the Group's investments are predominantly FVOCI investments.

2.14 Other revenue recognition

The following specific recognition criteria must also be met before revenue is recognised.

2.14.1 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2.14.2 Rental income

Rental income from self-occupied properties are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease on an accrual basis.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.14 Other revenue recognition (continued)

2.14.3 Dividend income

Dividend income is recognised in profit or loss on the date the Group's and the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Dividend income from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is recognised in the statement of profit or loss within dividend income.

2.14.4 Realised gains and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on disposal of financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2.15 Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's and the Company's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

Short-term employee benefit is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2.12.7 and 2.13 (g), otherwise, it is recognised in "other operating expenses".

2.16 Provision for agent's retirement benefits

Provision for agent's retirement benefits is calculated in accordance with the terms and conditions in the respective agent's agreements. The scheme is not separately funded. The Company pays fixed contributions into the Agency Provident Fund.

Provision for agent's retirement benefits is charged to profit or loss in the period in which it relates.

2.17 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, insurance contract liabilities or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.17 Income tax (continued)

Deferred tax is recognised in full using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax base. Deferred tax is not recognised if the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

2.18 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. The profit or loss attributable to ordinary shareholders is adjusted for the after tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

2.19 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.20 Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Material accounting policies (continued)

2.20 Fair value measurement (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date the event or change in circumstances that caused the transfers.

2.21 Significant accounting judgements, estimates and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.21.1 Valuation of general insurance's insurance and reinsurance contracts

Liability for remaining coverage

The Group applies the PAA to simplify the measurement of insurance contracts. The Group applied judgement in assessing the onerous groups' profitability and the remeasurement of loss component. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

For general insurance contracts, insurance liabilities in relation to claims incurred are the outstanding claims reserve required for the future settlement of losses on claims which have occurred but have yet to be fully settled. It is consisting of two components: expected ultimate cost of claims reported and expected ultimate cost of claims incurred but not yet reported at the end of the reporting period.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, incurred but not reported ("IBNR") claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The expected ultimate cost of claims reported are based on estimates of future payments that will be made with respect to individual claims. Such estimates are made on a case-by-case basis, based on the information available at the time the reserves are established. The estimates reflect the informed judgement of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.1 Valuation of general insurance's insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

These reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available. IBNR reserves are established to recognise the estimated cost of losses that have occurred but where the Group has not yet been notified. The valuation of IBNR reserves is carried out by an Appointed Actuary approved by BNM using professional judgement in applying actuarial methodology and assumptions, based on the Group's current and past claims experience, taking into account the Group's underwriting practice and industry experience. IBNR reserves are estimated based on actuarial statistical projections of the expected cost of the ultimate settlement and administration of claims. The projections are based on available information at the time and include factors such as trends in claims frequency, severity and speed of settlement. IBNR reserves are reviewed and revised quarterly as additional information becomes available with the actual claims development.

When measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk. For reinsurance contracts held, the liabilities for incurred claims also includes the allowance for non-performance risk of the reinsurer.

Discount rates

The Group applied a bottom-up approach in determining the discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts. The resulting yield curve will be Group's basis for discounting the insurance contract liabilities.

The risk-free yield curve was derived using Malaysian government bonds yield. The illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

The yield curves that were used to discount the estimates of FCF for insurance contracts and reinsurance contracts held are as follows:

	2024			2023		
	1 year	5 years	10 years	1 year	5 years	10 years
Locked-in Rates (with illiquidity adjustment)	**3.72%**	**4.07%**	**4.33%**	3.83%	4.38%	4.70%
Current Rates (with illiquidity adjustment)	**3.77%**	**4.07%**	**4.30%**	3.80%	4.19%	4.43%
Current Rates (without illiquidity adjustment)	**3.21%**	**3.52%**	**3.75%**	3.12%	3.49%	3.73%

The Group applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined at the date of the incurred claim.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.1 Valuation of general insurance's insurance and reinsurance contracts (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion.

The Group estimates an adjustment for non-financial risk separately from all other estimates; segregating the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

The risk adjustment was calculated at the reserving class level and then allocated down to each group of contracts using undiscounted FCF as the allocation driver. The percentile approach was used to derive the overall risk adjustment for non-financial risk.

In the percentile approach, a range of methodologies such as Mack and Bootstrapping are used to determine the risk adjustment. The Group has aligned the confidence level of the risk adjustment with the confidence level required on reserves by the local statutory requirement of 75% (2023: 75%) confidence level.

The risk adjustment for reinsurance held is determined from the difference between the gross and retained risk adjustment calculated. The Group adopts the same approach used for Direct business in determining the retained risk adjustment, which is then allocated to group of reinsurance contracts level using undiscounted ceded FCF as the allocation driver.

Expenses

Where estimates of expenses-related are determined at the portfolio level, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Acquisition cash flows are estimated based on a percentage of premiums written at group of contracts level during a specific period, based on periodic studies. Same basis will be applied to compute LRC acquisition cost.

Claims settlement-related expenses are allocated based on claims costs.

Notes to the Financial Statements

2. **Material accounting policies (continued)**

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance and reinsurance contracts

A. Fulfilment cash flows

Fulfilment cash flows comprise:

(a) estimates of FCF;
(b) an adjustment to reflect the time value of money and the financial risks related to FCF, to the extent that the financial risks are not included in the estimates of FCF; and
(c) a risk adjustment for non-financial risk.

(a) Estimates of future cash flows

The Group's objective in estimating FCF is to determine the expected value, or probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. When considering the full range of possible outcomes, the objective is to incorporate all reasonable and supportable information available without undue cost or effort in an unbiased way, rather than to identify every possible scenario. This information includes data based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information.

The Group's estimate of FCF is the mean of a range of scenarios that reflects the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the FCF is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

FCF within the contract boundary which are to be included in the MFRS 17 valuation are those that relate directly to the fulfilment of the existing insurance contract, including those for which the Group has discretion over the amount or timing. These cash flows comprise:

- premiums and any other costs specifically chargeable to the policyholders under the terms of the contract;
- payments to (or on behalf of) policyholders, including claim payments to policyholder, claims that have already been reported but not yet paid, incurred claims for occurred events but for which claims have not been reported, future claims for which the Group has a substantive obligation and payments that vary on the return of the underlying items;
- insurance acquisition costs arise from the costs of selling, underwriting, and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs;
- claims handling, policy administrative, and maintenance costs;
- costs that the Group will incur in performing investment activities, providing investment-return service to policyholders of insurance contracts without direct participation feature, and providing investment-related service to policyholders of insurance contracts with direct participation features;
- transaction-based taxes and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis; and
- payments by the insurer in a fiduciary capacity to meet tax obligations incurred by the policyholder, and related receipts.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(a) Estimates of future cash flows (continued)

Insurance acquisition cash flows and other costs that are incurred in the fulfilment of insurance contracts comprise both direct costs and an allocation of fixed and variable overheads. The posting of direct/indirect expenses is done using the functional area allocation process. Cash flows attributable to acquisition and maintenance activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group generally allocates insurance acquisition cash flows to groups of contracts based on Annualised New Premium (ANP) and/or number of new policies, maintenance cash flows based on Gross Written Premium (GWP) and/or number of in-force policies within each group. Other costs (not directly related to the fulfilment of the contracts) are recognised in profit or loss as they are incurred.

Contract boundaries

Insurance contracts

The Group has a portfolio of yearly-renewable term ("YRT") standalone medical products that are guaranteed to be renewable each year, with the premium rates not being guaranteed at renewal. The Group determines that the cash flows related to future renewals (i.e., the guaranteed renewable terms) of these contracts are outside the contract boundary since the Group's substantive obligation to provide insurance service is expected to end at policy anniversary where the Group then has the practical ability to fully re-price the premium based on assessment of the policyholders' risk. The renewal of the contract is treated as a new contract, and is recognised, separately from the initial contract, when the recognition criteria are met.

Policyholders may pay installment premiums in advance to the Group instead of when the installment premiums are due. The Group's position is that such premiums received in advance are not included in the contractual cash flows when received as contractually the premiums are not required to be paid (despite the Group allowing this as a facility to the policyholders). Therefore, premiums received in advance will be considered out of the contract boundary.

Reinsurance contracts

The quota share and surplus reinsurance contracts held by the Group cover the underlying contracts issued within the term and provides unilateral rights to both the Group and the reinsurer to terminate the contracts by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

The excess of loss reinsurance contract held by the Group has an annual term and covers claims from underlying contracts incurred within the year. Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(a) Estimates of future cash flows (continued)

Assumptions used in estimating future cash flows

Significant judgement is required in estimating the FCF and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. The assumptions are determined at the date of valuation and are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of FCF is particularly sensitive are as follows:

- Mortality and Morbidity Rates

  Experience study on mortality and morbidity rates is carried out on an annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' mortality and morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

  The Group can increase the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

- Expenses

  Expense assumption was set during initial pricing stage. Expense assumption is inflated annually to reflect higher cost of underwriting, issuing, and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration, and underwriting procedures. The expense assumption is reviewed annually and compared to actual expense that the Group incurred.

- Persistency

  Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on an annual basis using statistical method. Persistency assumptions vary by product type, distribution channel, and policy duration.

  The assumptions that have significant effects on the FCF are disclosed in Note 31.1(iii).

(b) Discount rates

The Group pursues a bottom-up approach in the determination of the discount rates, where all cash flows are discounted using the risk-free rates adjusted for an illiquidity premium. The risk-free rates are constructed from observed spot rates of the local government bonds up to 20 years, with adjustment to remove the credit risk of the government bonds. Thereafter, the risk-free rates are extrapolated towards the ultimate forward rate using the Smith-Wilson method.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(b) Discount rates (continued)

The Group determines the illiquidity adjustment based on the spread of reference portfolio, corrected for expected and unexpected credit loss and application ratio to reflect the difference in illiquidity characteristics of the insurance contract liabilities and the chosen reference portfolio.

The Group applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined on initial recognition.

The discount rates used in the discounting of FCF and sensitivity analysis on the key assumptions are disclosed in Notes 31.1(ii) and 31.1(iii) respectively.

The yield curves that were used to discount the estimates of FCF that do not vary based on the returns of the underlying items are as follows:

	2024				
	Currency	1 year	5 years	10 years	20 years
Participating portfolio	**MYR**	**3.36%**	**3.73%**	**3.94%**	**4.23%**
Non-participating portfolio	**MYR**	**3.69%**	**4.05%**	**4.27%**	**4.55%**
Investment-linked and universal life	**MYR**	**3.26%**	**3.62%**	**3.84%**	**4.13%**

	2023				
	Currency	1 year	5 years	10 years	20 years
Participating portfolio	MYR	3.31%	3.71%	3.94%	4.38%
Non-participating portfolio	MYR	3.74%	4.13%	4.36%	4.81%
Investment-linked and universal life	MYR	3.20%	3.59%	3.82%	4.26%

(c) Risk adjustments for non-financial risk

The risk adjustment for non-financial risk reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils the insurance contracts. The risk adjustment also reflects the degree of diversification benefit that the Group includes when determining the compensation that it requires for bearing that risk as well as both the favourable and unfavourable outcomes in a way that reflect the Group's degree of risk aversion.

The risk adjustment is calculated using the cost of capital approach by discounting the present value of the projected capital relating to non-financial risk using a cost of capital rate of 6%. The cost of capital rate represents the return required by the Group to compensate for exposure to the non-financial risks. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(c) Risk adjustments for non-financial risk (continued)

The calculation of risk adjustment is done at total entity level and then allocated to the group of contracts based on the risk driver of respective risk. The risk adjustment for the reinsurance contracts held is determined as the difference between the risk adjustments computed gross and net of reinsurance, where a scaling approach (net-to-gross) is applied to calculate the gross risk adjustment.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 74% (2023: 81%).

The methods used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2023.

(d) Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Investment-linked, universal life, participating, and non-participating contracts that have explicit surrender values are determined as contracts that contain investment components. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

(e) Expenses

Where estimates of expenses-related are determined at the portfolio level, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Acquisition cash flows are estimated based on a percentage of premiums written at group of contracts level during a specific period, based on periodic studies. Same basis will be applied to compute LRC acquisition cost.

Claims settlement-related expenses are allocated based on claims costs.

B. Contractual service margin

Determination of coverage units

The CSM represents the unearned profit the Group will recognise as it provides insurance contract services in the future. The CSM is released in each reporting period for an amount recognised in profit or loss to reflect the insurance contract services provided under the group of insurance contracts in that period.

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance and reinsurance contracts (continued)

B. Contractual service margin (continued)

Determination of coverage units (continued)

The CSM release is determined by:

- identifying the coverage units in the group;
- allocating the CSM equally to coverage units provided in the current period and expected to be provided in the future; and
- recognising in profit or loss the amount allocated to coverage units to reflect insurance contract services provided in the period.

The determination of coverage units is done by considering the services provided under the contracts within the group of contracts as well as the measures that would appropriately reflect the services provided under the contracts. For groups of contracts where only stand-alone insurance service is provided, the sum assured is used as the coverage unit. For groups of contracts where mixed services (combining insurance and investment-related or investment-return services) are provided, the coverage unit is based on:

- a solo coverage unit that considers the weight of each service incorporated in the group of contracts (sum assured plus the policyholders' account/fund value); or
- the pre-dominant service provided under the group of contracts (sum assured).

For the reinsurance contracts held by the Group, the determination of the coverage units follows similar considerations for the underlying contracts as the level of services provided depends on that provided by the underlying contracts.

Discounting is done on the coverage units with the discount rates being consistent with the interest rates used for CSM accretion. The coverage units are reviewed and updated at each reporting date.

Notes to the Financial Statements

3. Property, plant and equipment

Group	Note	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost/Valuation									
At 1 January 2023		9,760	60,489	1,559	146,154	2,745	39,526	7,867	268,100
Additions		-	-	-	8,313	676	4,421	18,824	32,234
Disposals		-	-	-	(910)	-	-	-	(910)
Written off		-	-	-	(671)	(342)	-	(242)	(1,255)
Reclassification		-	-	-	2,719	741	5,450	(8,910)	-
Transfer to intangible assets#	5	-	-	-	-	-	-	(9,992)	(9,992)
Impairment		(60)	-	-	-	-	-	-	(60)
Revaluation		(200)	1,292	-	-	-	-	-	1,092
At 31 December 2023/ At 1 January 2024		**9,500**	**61,781**	**1,559**	**155,605**	**3,820**	**49,397**	**7,547**	**289,209**
Additions		**-**	**-**	**-**	**4,653**	**-**	**1,549**	**25,806**	**32,008**
Disposals		**-**	**(460)**	**-**	**(670)**	**-**	**(123)**	**-**	**(1,253)**
Written off		**-**	**-**	**-**	**(8,504)**	**-**	**(10,118)**	**(253)**	**(18,875)**
Reclassification		**-**	**-**	**-**	**307**	**-**	**1,955**	**(2,262)**	**-**
Transfer to intangible assets#	5	**-**	**-**	**-**	**-**	**-**	**-**	**(8,148)**	**(8,148)**
At 31 December 2024		**9,500**	**61,321**	**1,559**	**151,391**	**3,820**	**42,660**	**22,690**	**292,941**
Depreciation									
At 1 January 2023		-	7,528	87	122,887	1,737	25,179	-	157,418
Depreciation for the year	22	-	1,861	21	9,833	595	3,891	-	16,201
Disposals		-	-	-	(527)	-	-	-	(527)
Written off		-	-	-	(670)	(137)	-	-	(807)
Revaluation		-	(35)	-	-	-	-	-	(35)
At 31 December 2023/ At 1 January 2024		**-**	**9,354**	**108**	**131,523**	**2,195**	**29,070**	**-**	**172,250**
Depreciation for the year	22	**-**	**1,856**	**21**	**8,706**	**533**	**3,609**	**-**	**14,725**
Disposals		**-**	**(73)**	**-**	**(362)**	**-**	**(52)**	**-**	**(487)**
Written off		**-**	**-**	**-**	**(8,235)**	**-**	**(9,412)**	**-**	**(17,647)**
At 31 December 2024		**-**	**11,137**	**129**	**131,632**	**2,728**	**23,215**	**-**	**168,841**

* The carrying amounts of land and buildings are not segregated as the required information is not available.
\# Certain work-in-progress were reclassified as software development costs (intangible assets). See Note 5.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Group	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Carrying amounts								
At 1 January 2023	9,760	52,961	1,472	23,267	1,008	14,347	7,867	110,682
At 31 December 2023/ At 1 January 2024	**9,500**	**52,427**	**1,451**	**24,082**	**1,625**	**20,327**	**7,547**	**116,959**
At 31 December 2024	**9,500**	**50,184**	**1,430**	**19,759**	**1,092**	**19,445**	**22,690**	**124,100**

* The carrying amounts of land and buildings are not segregated as the required information is not available.

Included in property, plant and equipment are fully depreciated assets which are still in use costing RM137,399,000 (2023: RM134,964,000).

Company	Office equipment, computers, furniture and fittings RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost				
At 1 January 2023	2,500	1,360	156	4,016
Additions	116	-	1	117
Written off	(82)	-	-	(82)
At 31 December 2023/At 1 January 2024	**2,534**	**1,360**	**157**	**4,051**
Additions	**271**	**88**	**-**	**359**
Written off	**(347)**	**(82)**	**-**	**(429)**
At 31 December 2024	**2,458**	**1,366**	**157**	**3,981**

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Company	Note	Office equipment, computers, furniture and fittings RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Depreciation					
At 1 January 2023		2,037	243	-	2,280
Depreciation for the year	22	185	135	-	320
Written off		(82)	-	-	(82)
At 31 December 2023/At 1 January 2024		**2,140**	**378**	**-**	**2,518**
Depreciation for the year	22	**179**	**137**	**-**	**316**
Written off		**(346)**	**(75)**	**-**	**(421)**
At 31 December 2024		**1,973**	**440**	**-**	**2,413**
Carrying amounts					
At 1 January 2023		463	1,117	156	1,736
At 31 December 2023/At 1 January 2024		**394**	**982**	**157**	**1,533**
At 31 December 2024		**485**	**926**	**157**	**1,568**

Included in property, plant and equipment are fully depreciated assets which are still in use costing RM1,745,000 (2023: RM1,689,000).

3.1 Revaluation of properties

The Group's land and buildings were revalued in August 2021 and September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuers using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the land and buildings are compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered. There is no material change in fair value in 2024.

Had the land and buildings of the Group been carried at historical cost less accumulated depreciation, their carrying amounts would have been as follows:

Group	2024 RM'000	2023 RM'000
Land	**6,042**	6,074
Buildings	**42,469**	43,532
Land and buildings	**2,026**	2,056
	50,537	51,662

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.2 Fair value information

Fair value of land and buildings are categorised as follows:

Group	2024 Level 1 RM'000	2024 Level 2 RM'000	2024 Level 3 RM'000	2024 Total RM'000	2023 Level 1 RM'000	2023 Level 2 RM'000	2023 Level 3 RM'000	2023 Total RM'000
Land	-	-	9,500	9,500	-	-	9,500	9,500
Buildings	-	-	50,184	50,184	-	-	52,427	52,427
Land and buildings	-	-	1,430	1,430	-	-	1,451	1,451
	-	-	61,114	61,114	-	-	63,378	63,378

Level 3 fair value

The Level 3 unobservable input used in the valuation of land and buildings is the price per square foot ("psf") which is derived from the selling price of comparable land and building, adjusted for differences in location, property size, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building, finishes and services and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

Land and buildings

Valuation technique used	2024 Fair value RM'000	2024 Adjusted Price per sq foot RM/psf	2023 Fair value RM'000	2023 Adjusted Price per sq foot RM/psf
Comparison Approach	61,114	249 – 2,811	63,378	249 – 2,811

Notes to the Financial Statements

4. Right-of-use assets

Group	Note	Leasehold land RM'000	Buildings RM'000	Total RM'000
Valuation/Cost				
At 1 January 2023		16,420	86,384	102,804
Additions		-	8,722	8,722
Modification/Termination of leases		-	6,611	6,611
Revaluation		2,420	-	2,420
At 31 December 2023/At 1 January 2024		**18,840**	**101,717**	**120,557**
Additions		**-**	**1,677**	**1,677**
Disposals		**(390)**	**-**	**(390)**
Modification/Termination of leases		**-**	**11,063**	**11,063**
At 31 December 2024		**18,450**	**114,457**	**132,907**
Depreciation				
At 1 January 2023		873	68,274	69,147
Depreciation for the year	22	272	20,473	20,745
Modification/Termination of leases		-	(12,210)	(12,210)
Revaluation		(795)	-	(795)
At 31 December 2023/At 1 January 2024		**350**	**76,537**	**76,887**
Depreciation for the year	22	**307**	**21,169**	**21,476**
Disposals		**(22)**	**-**	**(22)**
Modification/Termination of leases		**-**	**(673)**	**(673)**
At 31 December 2024		**635**	**97,033**	**97,668**
Carrying amounts				
At 1 January 2023		15,547	18,110	33,657
At 31 December 2023/At 1 January 2024		**18,490**	**25,180**	**43,670**
At 31 December 2024		**17,815**	**17,424**	**35,239**

The Group leases a number of buildings for its office space and branches. The leases typically run for a period of 1 to 5 years, with options to renew the lease after that date. The lease agreements do not impose any covenants.

The total cash outflow for leases amounts to RM22,107,000 (2023: RM22,163,000) and income from subleasing right-of-use assets amounts to RM78,000 (2023: RM74,000).

Notes to the Financial Statements

4. Right-of-use assets (continued)

4.1 Right-of-use assets under the revaluation model

The leasehold land was last revalued in August 2021 and September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuers using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the leasehold land is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the leasehold land been carried at historical cost less accumulated amortisation, the carrying amounts would have been RM5,024,000 (2023: RM5,446,000).

4.2 Fair value information

Fair value of leasehold land is categorised as level 3 of the fair value hierarchy.

Level 3 fair value

The Level 3 unobservable input used in the valuation of leasehold land is the price per square foot ("psf") which is derived from the selling price of comparable land, adjusted for differences in location, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building erected thereon and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

Leasehold land

Valuation technique used	2024 Fair value RM'000	2024 Adjusted price per sq foot RM/psf	2023 Fair value RM'000	2023 Adjusted price per sq foot RM/psf
Comparison Approach	**17,816**	**475 – 1,532**	18,490	222 – 1,532

Notes to the Financial Statements

5. Intangible assets

Group	Note	Goodwill RM'000	Software development costs RM'000	Other intangible assets RM'000	Total RM'000
Costs					
At 1 January 2023		244,600	110,898	190,354	545,852
Additions		-	11,904	10,000	21,904
Transfer from property, plant and equipment	3	-	9,992	-	9,992
At 31 December 2023/ At 1 January 2024		**244,600**	**132,794**	**200,354**	**577,748**
Additions		**-**	**11,653**	**-**	**11,653**
Disposals		**-**	**(239)**	**-**	**(239)**
Transfer from property, plant and equipment	3	**-**	**8,148**	**-**	**8,148**
At 31 December 2024		**244,600**	**152,356**	**200,354**	**597,310**
Amortisation					
At 1 January 2023		-	84,445	39,572	124,017
Amortisation for the year	22	-	14,549	13,543	28,092
At 31 December 2023/ At 1 January 2024		**-**	**98,994**	**53,115**	**152,109**
Amortisation for the year	22	**-**	**16,140**	**13,913**	**30,053**
Disposals		**-**	**(239)**	**-**	**(239)**
At 31 December 2024		**-**	**114,895**	**67,028**	**181,923**
Carrying amounts					
At 1 January 2023		244,600	26,453	150,782	421,835
At 31 December 2023/ At 1 January 2024		**244,600**	**33,800**	**147,239**	**425,639**
At 31 December 2024		**244,600**	**37,461**	**133,326**	**415,387**
		Note 5.1	Note 5.2	Note 5.3	

Notes to the Financial Statements

5. Intangible assets (continued)

Company	Software development costs RM'000	Total RM'000
Cost		
At 1 January 2024	**-**	**-**
Additions	**2**	**2**
At 31 December 2024	**2**	**2**
Carrying amounts		
At 31 December 2024	**2**	**2**
	Note 5.2	

5.1 Goodwill

The aggregate carrying amount of goodwill is attributable to the acquisition of the following subsidiaries:

Group	2024 RM'000	2023 RM'000
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")	**239,610**	239,610
Allianz Life Insurance Malaysia Berhad ("ALIM")	**4,990**	4,990
	244,600	244,600

(i) AGIC

Impairment test for cash-generating unit containing goodwill

For goodwill attributable to the acquisition of AGIC, the carrying amount of goodwill had been allocated to the entire integrated general insurance business of the Group as one CGU, which represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The estimated recoverable amount is calculated based on value in use, determined by discounted cash flows generated by the general insurance business using approved 5-years financial budgets projected to perpetuity.

The following key assumptions have been used in the cash flow projections in respect of the determining the value in use for CGU containing goodwill:

Key assumptions	2024	2023
Discount rate - pre tax	**9.3%**	9.2%
Terminal growth rate	**3.0%**	3.0%

Notes to the Financial Statements

5. Intangible assets (continued)

5.1 Goodwill (continued)

(ii) ALIM

For goodwill attributable to the acquisition of ALIM, the annual impairment test was done by comparing the estimated recoverable amount of ALIM with its carrying amount including the goodwill attributed. The recoverable amount is the value in use which is measured by the Embedded Value attributable to ALIM calculated by an appointed actuary. ALIM computes the Embedded Value using market consistent embedded value approach whereby the Embedded Value is the present value of future shareholders distributable profits after tax discounted at the risk free yield curve with volatility adjustment plus the Net Assets Value. The projected FCF are based on the best estimate of assumptions, either derived from the operating unit experience or industry experience.

The estimated recoverable amounts of both the CGUs were determined to be higher than their carrying amounts and thus no impairment loss was recognised. Based on the assessment of value in use for both the CGUs, the Group does not expect that any reasonable change in the key assumptions will cause the carrying amount of the goodwill to exceed their respective recoverable amounts. In conclusion, the key assumptions are not sensitive.

5.2 Software development costs

The software development costs are in relation to internal development expenditures incurred for the Open Product Underwriting System ("OPUS"), Alternate Front End System ("ALPHA"), Business Intelligence System ("BI") and digital application. These systems are integrated systems designed to improve the efficiency of the business activities of the subsidiaries. The costs of developed software are amortised over a period of three to five years.

5.3 Other intangible assets

The carrying amounts of other intangible assets are as follows:

Group	Note	2024 RM'000	2023 RM'000
The Bancassurance Agreements:			
- General insurance business	5.3.1	**59,422**	67,176
- Life insurance business	5.3.2	**73,904**	80,063
		133,326	147,239

Notes to the Financial Statements

5. Intangible assets (continued)

5.3 Other intangible assets (continued)

5.3.1 The Bancassurance Agreement – General insurance business

The intangible asset is in relation to the exclusive Bancassurance Agreement with Standard Chartered Bank ("SCB Bancassurance Agreement") which is effective from 1 July 2017, Marketing Agreement with Pos Malaysia which is effective from 1 October 2019, and Bancassurance Agreement with HSBC Bank ("HSBC Bancassurance Agreement") which is effective from 1 January 2022 for the distribution of the Group's general insurance products.

For the SCB Bancassurance Agreement, the fee for this exclusive right is amortised over its useful life of 15 years using the straight-line method, whereas for the Marketing Agreement, the fee for the exclusive right is amortised over its useful life of 10 years using the straight-line method. For the HSBC Bancassurance Agreement, the fee for the exclusive right is amortised over its useful life of 15 years using the straight-line method.

In the impairment assessment conducted by AGIC, the future economic benefits that are attributable to the SCB Bancassurance Agreement and Marketing Agreement with Pos Malaysia were valued at the present value of projected FCF to be derived from the tenure of the agreement of 12 years and 6 years respectively, using the discounted cash flow model.

The following key assumptions have been used in cash flow projections:

Key assumptions	2024	2023
Average annualised gross written premium growth rate	**3.0%**	3.0%
Discount rate – pre tax	**9.3%**	9.3%

5.3.2 The Bancassurance Agreement – Life insurance business

The intangible asset is in relation to the exclusive Bancassurance Agreement which provides the Group's life insurance subsidiary with an exclusive right to the use of the bancassurance network of a local commercial bank ("the Bank") to sell, market and promote conventional life product.

The fee for this exclusive right is amortised over its useful life of 15 years using the straight-line method. In the impairment assessment conducted by ALIM, the future economic benefits that are attributable to the Bancassurance Agreement were valued at the present value of projected FCF to be derived from the remaining tenure of the agreement of 12 years using the discounted cash flow model.

The following key assumptions have been used in cash flow projections in respect of the impairment assessment:

Key assumptions	2024	2023
Bancassurance average annualised new premium growth rate	**11.2%**	16.7%
Discount rate – pre tax	**11.4%**	11.1%

5.3.3 Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly that would result in impairment.

Notes to the Financial Statements

6. Investments in subsidiaries

Company	2024 RM'000	2023 RM'000
At cost		
Unquoted shares	**961,088**	961,088

The principal activities of the subsidiaries, the place of incorporation and the interest of the Company are as follows:

			Effective ownership interest	
Name of subsidiary	Principal activity	Country of incorporation	2024 %	2023 %
Allianz Life Insurance Malaysia Berhad ("ALIM")	Underwriting life insurance and investment-linked business	Malaysia	**100**	100
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")	Underwriting general insurance business	Malaysia	**100**	100
Affin Hwang Income Fund 5	Investment in debt securities and money market instruments	Malaysia	**100**	100

AGIC and ALIM holds a 97.4% (2023: 96.4%) and 2.6% (2023: 3.6%) stake in collective investment scheme, namely, Affin Hwang Income Fund 5, which consist of RM911,397,796 (2023: RM626,236,640) unitholders' capital.

The funds aim to provide investors with steady income over the medium-term to long-term investment horizon. The investee fund is classified as FVOCI investment and the change in fair value of the investee fund is included in the statement of financial position and statement of profit or loss and other comprehensive income of the subsidiaries' financial statements. The investee fund is managed by Affin Hwang Asset Management Berhad and applies various investment strategies to accomplish the investment objectives. The investee fund finances its operations through the creation of investee fund units which entitle the holder to variable returns and available for sale value in the investee fund's net assets.

Allianz Malaysia Berhad determines that it has control over Affin Hwang Income Fund 5 and accordingly, the investment in Affin Hwang Income 5 has been consolidated with those of the Company.

PricewaterhouseCoopers PLT is the auditor for all Allianz Malaysia Berhad's subsidiaries.

Notes to the Financial Statements

6. Investments in subsidiaries (continued)

The financial information of Affin Hwang Income 5 is disclosed below:

Statement of financial position as at 31 December 2024

	2024 RM'000	2023 RM'000
Assets		
Cash and cash equivalents	**3,141**	4,277
Investments	**909,821**	622,069
Other assets	**18,866**	-
Total assets	**931,828**	626,346
Liability		
Other liabilities	**20,430**	109
Total liability	**20,430**	109
Net asset value of the Fund	**911,398**	626,237

Statement of comprehensive income as at 31 December 2024

	2024 RM'000	2023 RM'000
Interest revenue on financial assets not measured at FVTPL	**26,726**	21,710
Net losses on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	**(213)**	(6,087)
Net credit impairment losses on financial assets	**(91)**	(6)
Net investment income	**26,422**	15,617
Other operating expenses	**(1,302)**	(1,132)
Profit before tax	**25,120**	14,485
Tax expense	**-**	-
Profit for the year	**25,120**	14,485

Notes to the Financial Statements

7. Investments

Group	2024 RM'000	2023 RM'000
Malaysian government securities	**9,405,947**	8,922,906
Malaysian government guaranteed bonds	**3,576,506**	3,161,120
Quoted equity securities of corporations in Malaysia*	**3,876,793**	3,129,958
Quoted equity securities of corporations outside Malaysia	**17,329**	88,998
Unquoted equity securities of corporations in Malaysia	**42,366**	14,511
Unquoted bonds of corporations in Malaysia	**6,178,059**	6,012,173
Unquoted bonds of corporations outside Malaysia	**104,244**	106,385
Quoted unit trusts in Malaysia	**90,271**	90,911
Unquoted unit trusts in Malaysia	**359,098**	479,451
Unquoted unit trusts outside Malaysia	**467,877**	305,435
Commercial paper	**-**	4,957
Other investments	**3,795**	14,772
Fixed deposits with licensed financial institutions	**998,670**	720,881
	25,120,955	23,052,458

*The life insurance subsidiary has designated at FVOCI investment in listed shares in the Participating fund with a total fair value amounting to RM623,299,000 (2023: RM644,847,000) with details below:

By sector	2024 RM'000	2023 RM'000
Financial services	**270,527**	244,588
Industrial products and services	**30,198**	86,099
Consumer products and services	**56,067**	71,721
Energy	**35,590**	65,885
Telecommunications and media	**47,360**	52,262
Technology	**14,663**	29,803
Plantation	**22,730**	25,288
Property	**36,356**	24,755
Construction	**20,762**	16,131
Healthcare	**18,080**	14,959
Utilities	**70,966**	13,356
	623,299	644,847

7. Investments (continued)

The total amount of dividends recognised from these investments during the year was RM25,279,000 (2023: RM28,014,000), all of which related to investments held at the end of the year.

During the financial year, the life insurance subsidiary disposed equity investments from the financial investments at FVOCI due to favourable market conditions and recorded gain on disposal of RM77,484,000 (2023: gain of RM10,412,000) and loss on disposal of RM20,589,000 (2023: loss of RM11,021,000) respectively. The fair value of the disposed equity investments at the date of derecognition was RM415,984,000 (2023: RM224,256,000).

The life insurance subsidiary applies the FVOCI classification to this portfolio of investments because these financial assets are held for the purpose of backing insurance liabilities to optimise portfolio returns while ensuring capital efficiency.

The Group's financial investments are summarised by categories as follows:

Group	2024 RM'000	2023 RM'000
FVTPL	**10,593,834**	9,515,616
FVOCI	**14,527,121**	13,536,842
	25,120,955	23,052,458
The following investments mature within 12 months:		
FVTPL	**4,883,996**	4,110,242
FVOCI	**2,615,116**	2,691,370
	7,499,112	6,801,612
The following investments mature after 12 months:		
FVTPL	**5,709,838**	5,405,374
FVOCI	**11,912,005**	10,845,472
	17,621,843	16,250,846

7.1 Composition of underlying items for contracts measured under VFA

Group	2024 RM'000	2023 RM'000
Fair value of the underlying assets		
Malaysian government securities	**3,977,861**	3,690,863
Malaysian government guaranteed bonds	**2,084,015**	2,024,198
Quoted equity securities of corporations in Malaysia	**3,876,793**	3,129,958
Quoted equity securities of corporations outside Malaysia	**17,329**	88,998
Unquoted bonds of corporations in Malaysia	**2,995,217**	2,952,954
Unquoted bonds of corporations outside Malaysia	**104,244**	106,385
Quoted unit trusts in Malaysia	**90,271**	90,911
Unquoted unit trusts in Malaysia	**24,750**	21,543
Unquoted unit trusts outside Malaysia	**467,877**	305,435
Fixed deposits with licensed financial institutions	**74,964**	229,388
	13,713,321	12,640,633

7. **Investments (continued)**

Group	FVOCI 2024 RM'000	FVOCI 2023 RM'000	FVTPL 2024 RM'000	FVTPL 2023 RM'000	Total 2024 RM'000	Total 2023 RM'000
Malaysian government securities	**6,307,804**	6,152,031	**3,098,143**	2,770,875	**9,405,947**	8,922,906
Malaysian government guaranteed bonds	**2,556,890**	2,198,532	**1,019,616**	962,588	**3,576,506**	3,161,120
Quoted equity securities of corporations in Malaysia	**623,299**	644,847	**3,253,494**	2,485,111	**3,876,793**	3,129,958
Quoted equity securities of corporations outside Malaysia	**-**	-	**17,329**	88,998	**17,329**	88,998
Unquoted equity securities of corporations in Malaysia	**32,321**	7,147	**10,045**	7,364	**42,366**	14,511
Unquoted bonds of corporations in Malaysia	**3,975,062**	3,916,678	**2,202,997**	2,095,495	**6,178,059**	6,012,173
Unquoted bonds of corporations outside Malaysia	**104,244**	106,385	**-**	-	**104,244**	106,385
Quoted unit trusts in Malaysia	**-**	-	**90,271**	90,911	**90,271**	90,911
Unquoted unit trusts in Malaysia	**-**	-	**359,098**	479,451	**359,098**	479,451
Unquoted unit trusts outside Malaysia	**-**	-	**467,877**	305,435	**467,877**	305,435
Commercial paper	**-**	4,957	**-**	-	**-**	4,957
Other investments	**3,795**	14,772	**-**	-	**3,795**	14,772
Fixed deposits with licensed financial institutions	**923,706**	491,493	**74,964**	229,388	**998,670**	720,881
	14,527,121	13,536,842	**10,593,834**	9,515,616	**25,120,955**	23,052,458

Notes to the Financial Statements

7. Investments (continued)

The movements in carrying values of the financial investments are as follows:

Group	FVOCI RM'000	FVTPL RM'000	Total RM'000
At 1 January 2024	**13,536,842**	**9,515,616**	**23,052,458**
Purchases/Placements	**6,216,261**	**2,993,974**	**9,210,235**
Maturities	**(3,548,088)**	**(381,236)**	**(3,929,324)**
Disposals	**(1,751,089)**	**(1,913,056)**	**(3,664,145)**
Fair value gains recorded in:			
Profit or loss:			
- Unrealised gains	**-**	**413,078**	**413,078**
Other comprehensive income	**102,784**	**-**	**102,784**
Accretion of discounts	**(1,207)**	**1,488**	**281**
Amortisation of premiums	**(19,398)**	**(7,870)**	**(27,268)**
Unrealised foreign exchange losses	**(3,313)**	**(26,915)**	**(30,228)**
Movement in income due and accrued	**(5,671)**	**(1,245)**	**(6,916)**
At 31 December 2024	**14,527,121**	**10,593,834**	**25,120,955**
At 1 January 2023	12,383,171	7,946,251	20,329,422
Purchases/Placements	6,707,614	2,590,988	9,298,602
Maturities	(2,804,162)	(171,104)	(2,975,266)
Disposals	(2,992,312)	(1,094,322)	(4,086,634)
Fair value gains recorded in:			
Profit or loss:			
- Unrealised gains	-	224,220	224,220
Other comprehensive income	250,341	-	250,341
Accretion of discounts	5,990	1,335	7,325
Amortisation of premiums	(25,753)	(6,496)	(32,249)
Unrealised foreign exchange gains	4,405	13,701	18,106
Movement in income due and accrued	7,548	11,043	18,591
At 31 December 2023	13,536,842	9,515,616	23,052,458

7. **Investments (continued)**

Amounts arising from expected credit losses

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period:

Group	Note	Stage 1 (12-month ECL)		Stage 2 (Lifetime ECL)		Stage 3 (Lifetime ECL – credit impaired)		Total	
		Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000
Balance as at 1 January 2024		**12,884,848**	**(5,579)**	-	-	-	-	**12,884,848**	**(5,579)**
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		**4,559,660**	**(1,946)**	-	-	-	-	**4,559,660**	**(1,946)**
Matured or sold		**(3,556,344)**	**126**	-	-	-	-	**(3,556,344)**	**126**
Remeasurements	(b)	**(16,663)**	**2,138**	-	-	-	-	**(16,663)**	**2,138**
Net charge for the year	(c)	**986,653**	**318**	-	-	-	-	**986,653**	**318**
Balance as at 31 December 2024		**13,871,501**	**(5,261)**	-	-	-	-	**13,871,501**	**(5,261)**
Balance as at 1 January 2023		11,744,470	(5,596)	-	-	-	-	11,744,470	(5,596)
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		4,925,208	(1,496)	-	-	-	-	4,925,208	(1,496)
Matured or sold		(4,014,002)	96	-	-	-	-	(4,014,002)	96
Remeasurements	(b)	229,172	1,417	-	-	-	-	229,172	1,417
Net charge for the year	(c)	1,140,378	17	-	-	-	-	1,140,378	17
Balance as at 31 December 2023		12,884,848	(5,579)	-	-	-	-	12,884,848	(5,579)

(a) There have been no transfers between Stage 1, 2 or 3.
(b) Includes releases of ECL allowance.
(c) There have been no write-offs or recoveries to write-offs during the year.

Notes to the Financial Statements

7. Investments (continued)

Company	2024 RM'000	2023 RM'000
Unquoted equity securities of corporations in Malaysia	10,045	12,364
Fixed deposits with licensed financial institutions	-	6,060
	10,045	18,424

The Company has designated at FVOCI certain private equity investments with a total fair value amounting to RM2 (2023: RM5,000,000) with details below:

By sector	2024 RM'000	2023 RM'000
Facilities services	*	5,000
	*	5,000

* Denotes RM2

There was no dividend recognised from these investments during the year.

There was no transfer of the cumulative gain within equity during the year.

The Company chooses this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Financial investment summarised by category as follows:

	Current		Total	
Company	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
FVTPL	10,045	7,364	10,045	7,364
FVOCI	*	11,060	*	11,060
	10,045	18,424	10,045	18,424

* Denotes RM2

Notes to the Financial Statements

7. Investments (continued)

Company	FVOCI 2024 RM'000	FVOCI 2023 RM'000	FVTPL 2024 RM'000	FVTPL 2023 RM'000	Total 2024 RM'000	Total 2023 RM'000
Unquoted equity securities of corporations in Malaysia	*	5,000	10,045	7,364	10,045	12,364
Fixed deposits with licensed financial institutions	-	6,060	-	-	-	6,060
	*	11,060	10,045	7,364	10,045	18,424

The movements in carrying values of the financial investments are as follows:

Company	FVOCI RM'000	FVTPL RM'000	Total RM'000
At 1 January 2023	15,182	3,085	18,267
Purchases/Placements	1,561,871	4,146	1,566,017
Maturities	(1,565,828)	-	(1,565,828)
Fair value gains recorded in:			
Profit or loss:			
- Unrealised gains	-	133	133
Movement in accrued interest	(165)	-	(165)
At 31 December 2023/At 1 January 2024	11,060	7,364	18,424
Purchases/Placements	1,436,151	400	1,436,551
Maturities	(1,442,236)	-	(1,442,236)
Fair value gains recorded in:			
Profit or loss:			
- Unrealised gains	-	2,281	2,281
Other comprehensive income	(5,000)	-	(5,000)
Movement in accrued interest	25	-	25
At 31 December 2024	*	10,045	10,045

* Denotes RM2

7. Investments (continued)

Amounts arising from expected credit losses

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period:

Company	Note	Stage 1 (12-month ECL)		Stage 2 (Lifetime ECL)		Stage 3 (Lifetime ECL – credit impaired)		Total	
		Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000
Balance as at 1 January 2024		6,060	-	-	-	-	-	6,060	-
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		55,082	(39)	-	-	-	-	55,082	(39)
Matured or sold		(61,126)	1	-	-	-	-	(61,126)	1
Remeasurements	(b)	(16)	38	-	-	-	-	(16)	38
Net charge for the year	(c)	(6,060)	-	-	-	-	-	(6,060)	-
Balance as at 31 December 2024		-	-	-	-	-	-	-	-
Balance as at 1 January 2023		10,182	-	-	-	-	-	10,182	-
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		14,044	(12)	-	-	-	-	14,044	(12)
Matured or sold		(18,000)	1	-	-	-	-	(18,000)	1
Remeasurements	(b)	(166)	11	-	-	-	-	(166)	11
Net charge for the year	(c)	(4,122)	-	-	-	-	-	(4,122)	-
Balance as at 31 December 2023		6,060	-	-	-	-	-	6,060	-

(a) There have been no transfers between Stage 1, 2 or 3.
(b) Includes releases of ECL allowance.
(c) There have been no write-offs or recoveries to write-offs during the year.

Notes to the Financial Statements

8. Derivative financial assets and (liabilities)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
2024			
Collateralised interest rate swap	**400,000**	**12,934**	**-**
Cross currency swap	**98,740**	**150**	**(3,107)**
	498,740	**13,084**	**(3,107)**
2023			
Collateralised interest rate swap	400,000	16,857	-
Cross currency swap	98,740	171	(4,875)
	498,740	17,028	(4,875)

The Group uses interest rate swap and cross currency swap to mitigate the changes in fair value of local and foreign currency-denominated debt securities due to movements in interest rates or foreign exchange rates.

Group	2024 RM'000	2023 RM'000
Derivative assets maturing within 12 months	**150**	-
Derivative assets maturing after 12 months	**12,934**	17,028
	13,084	17,028
Derivative liabilities maturing within 12 months	**-**	-
Derivative liabilities maturing after 12 months	**(3,107)**	(4,875)
	(3,107)	(4,875)

9. Reinsurance contract assets

General insurance

	2024 RM'000	2023 RM'000
Facultative	**166,949**	118,330
Treaty proportional	**216,869**	296,602
Treaty non-proportional	**141,623**	127,331
	525,441	542,263
Amount expected to be recovered/settled within 12 months	**305,807**	365,631
Amount expected to be recovered/settled more than 12 months	**219,634**	176,632
	525,441	542,263

Notes to the Financial Statements

9. Reinsurance contract assets (continued)

General insurance (continued)

(1) Facultative

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
Group	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
Opening balance	(60,824)	805	159,514	18,835	118,330
Reinsurance expenses	(137,297)	-	-	-	(137,297)
Incurred claims recovery	-	-	21,099	2,842	23,941
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	14,945	(580)	14,365
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component	-	294	-	-	294
(Expenses)/Income from reinsurance contracts held	(137,297)	294	36,044	2,262	(98,697)
Net reinsurance finance income	-	-	3,764	467	4,231
Net (expenses)/income from reinsurance contracts held	(137,297)	294	39,808	2,729	(94,466)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	162,452	-	-	-	162,452
Recoverable from reinsurance contract held	-	-	(19,367)	-	(19,367)
Total cash flows	162,452	-	(19,367)	-	143,085
Closing balance	(35,669)	1,099	179,955	21,564	166,949

Notes to the Financial Statements

9. Reinsurance contract assets (continued)

General insurance (continued)

(1) Facultative (continued)

Group	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
Opening balance	(29,788)	2,064	179,888	33,604	185,768
Reinsurance expenses	(158,233)	-	-	-	(158,233)
Incurred claims recovery	-	-	15,698	2,159	17,857
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(40,848)	(18,016)	(58,864)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component	-	(1,259)	-	-	(1,259)
Expenses from reinsurance contracts held	(158,233)	(1,259)	(25,150)	(15,857)	(200,499)
Net reinsurance finance income	-	-	5,064	1,088	6,152
Net expenses from reinsurance contracts held	(158,233)	(1,259)	(20,086)	(14,769)	(194,347)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	127,197	-	-	-	127,197
Recoverable from reinsurance contract held	-	-	(288)	-	(288)
Total cash flows	127,197	-	(288)	-	126,909
Closing balance	(60,824)	805	159,514	18,835	118,330

Notes to the Financial Statements

9. **Reinsurance contract assets (continued)**

General insurance (continued)

(2) **Treaty Proportional**

Group	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
Opening balance	5,983	6,789	248,546	35,284	296,602
Reinsurance expenses	(113,749)	-	-	-	(113,749)
Incurred claims recovery	-	-	94,614	9,742	104,356
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(59,371)	(14,752)	(74,123)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component	-	(5,176)	-	-	(5,176)
(Expenses)/Income from reinsurance contracts held	(113,749)	(5,176)	35,243	(5,010)	(88,692)
Net reinsurance finance income	-	-	5,752	977	6,729
Net (expenses)/income from reinsurance contracts held	(113,749)	(5,176)	40,995	(4,033)	(81,963)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	97,044	-	-	-	97,044
Recoverable from reinsurance contract held	-	-	(94,814)	-	(94,814)
Total cash flows	97,044	-	(94,814)	-	2,230
Closing balance	(10,722)	1,613	194,727	31,251	216,869

Notes to the Financial Statements

9. Reinsurance contract assets (continued)

General insurance (continued)

(2) Treaty Proportional (continued)

Group	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
Opening balance	(23,921)	16,928	260,585	39,117	292,709
Reinsurance expenses	(54,037)	-	-	-	(54,037)
Incurred claims recovery	-	-	84,543	9,409	93,952
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(38,812)	(14,407)	(53,219)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component	-	(10,139)	-	-	(10,139)
(Expenses)/Income from reinsurance contracts held	(54,037)	(10,139)	45,731	(4,998)	(23,443)
Net reinsurance finance income	-	-	5,644	1,165	6,809
Net (expenses)/income from reinsurance contracts held	(54,037)	(10,139)	51,375	(3,833)	(16,634)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	83,941	-	-	-	83,941
Recoverable from reinsurance contract held	-	-	(63,414)	-	(63,414)
Total cash flows	83,941	-	(63,414)	-	20,527
Closing balance	5,983	6,789	248,546	35,284	296,602

Notes to the Financial Statements

9. Reinsurance contract assets (continued)

General insurance (continued)

(3) Treaty Non-proportional

Group	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
Opening balance	**(25,078)**	**6**	**136,468**	**15,935**	**127,331**
Reinsurance expenses	(98,994)	-	-	-	(98,994)
Incurred claims recovery	-	-	60,220	5,861	66,081
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(6,317)	(1,869)	(8,186)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component	-	53	-	-	53
(Expenses)/Income from reinsurance contracts held	**(98,994)**	**53**	**53,903**	**3,992**	**(41,046)**
Net reinsurance finance income	-	-	3,352	432	3,784
Net (expenses)/income from reinsurance contracts held	**(98,994)**	**53**	**57,255**	**4,424**	**(37,262)**
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	72,971	-	-	-	72,971
Recoverable from reinsurance contract held	-	-	(21,417)	-	(21,417)
Total cash flows	**72,971**	**-**	**(21,417)**	**-**	**51,554**
Closing balance	**(51,101)**	**59**	**172,306**	**20,359**	**141,623**

Notes to the Financial Statements

9. Reinsurance contract assets (continued)

General insurance (continued)

(3) Treaty Non-proportional (continued)

Group	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
Opening balance	(14,754)	-	184,246	15,710	185,202
Reinsurance expenses	(67,147)	-	-	-	(67,147)
Incurred claims recovery	-	-	703	88	791
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	5,402	(266)	5,136
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component	-	6	-	-	6
(Expenses)/Income from reinsurance contracts held	(67,147)	6	6,105	(178)	(61,214)
Net reinsurance finance income	-	-	5,247	403	5,650
Net (expenses)/income from reinsurance contracts held	(67,147)	6	11,352	225	(55,564)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	56,823	-	-	-	56,823
Recoverable from reinsurance contract held	-	-	(59,130)	-	(59,130)
Total cash flows	56,823	-	(59,130)	-	(2,307)
Closing balance	(25,078)	6	136,468	15,935	127,331

Notes to the Financial Statements

10. Other assets

Group	Note	2024 RM'000	2023 RM'000
Non-current			
Other receivables - FVOCI			
Other receivables		**4,928**	5,276
		4,928	5,276
Staff loans - FVOCI			
Mortgage loans		**4,263**	4,944
Other secured loans		**964**	1,095
		5,227	6,039
Other receivables - amortised cost			
Other receivables		**12,692**	10,257
		12,692	10,257
		22,847	21,572
Current			
Other receivables - FVOCI			
Other receivables		**2,437**	2,511
		2,437	2,511
Staff loans - FVOCI			
Mortgage loans		**627**	696
Other secured loans		**354**	399
		981	1,095
Other receivables - amortised cost			
Dividend receivables		**2,252**	3,555
Sundry deposits		**4,682**	4,446
Prepayment		**4,988**	499
MMIP *		**39,623**	36,647
Other receivables		**95,191**	42,581
Sales contract outstanding		**18**	9,011
Due from related companies	10.1	**6,997**	4,056
		153,751	100,795
		157,169	104,401
Total		**180,016**	125,973

* The balance with MMIP as at 31 December 2024 is a net receivable of RM28,277,000 (2023: RM21,493,000) after setting off the amounts receivable from MMIP against the Group's share of MMIP's insurance contract liabilities of RM11,346,000 (2023: RM15,154,000) included in Note 14 to the financial statements.

10. Other assets (continued)

The carrying amounts of other assets reasonably approximate their fair values at the end of the reporting year due to the relatively short-term nature of these financial instruments.

10.1 Amounts due from related companies

The amount due from related companies are unsecured, interest free and repayable on demand.

Company	Note	2024 RM'000	2023 RM'000
Non-current			
Other receivables - FVOCI			
Other receivables		**529**	634
		529	634
Staff loans - FVOCI			
Mortgage loans		**76**	92
Other secured loans		**103**	54
		179	146
		708	780
Current			
Staff loans - FVOCI			
Mortgage loans		**22**	22
Other secured loans		**44**	26
		66	48
Other receivables - amortised cost			
Other receivables, deposits and prepayments		**21,136**	8,120
Due from subsidiaries	10.2	**16,043**	10,452
Dividend receivable from subsidiaries		**-**	317,854
		37,179	336,426
		37,245	336,474
Total		**37,953**	337,254

10.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

Notes to the Financial Statements

11. Share capital

Group and Company	2024 Amount RM'000	2024 Number of shares '000	2023 Amount RM'000	2023 Number of shares '000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares (Note 11.1)				
At 1 January	**236,037**	**177,969**	236,037	177,969
Issued during the year	**5,088**	**1,600**	-	-
At 31 December	**241,125**	**179,569**	236,037	177,969
Irredeemable Convertible Preference Shares ("ICPS") (Note 11.2)				
At 1 January	**534,992**	**168,237**	534,992	168,237
Conversion during the year	**(5,088)**	**(1,600)**	-	-
At 31 December	**529,904**	**166,637**	534,992	168,237

During the financial year, the Group and the Company issued 1,600,000 (2023: Nil) ordinary shares via conversion of ICPS.

11.1 Ordinary shares

The holders of the ordinary shares are entitled to one vote per share at meetings of the Company, and to receive dividends as declared from time to time.

11.2 ICPS

The ICPS holders do not carry the right to vote at any general meeting except for when the dividend or part of the dividend is in arrears for more than 6 months, on a proposal to wind-up of the Company, during the winding-up of the Company, on a proposal that affects the rights attached to the ICPS, on a proposal to reduce the Company's share capital or on a proposal for the disposal of the whole of the Company's property, business and undertaking.

Holders of ICPS receive a non-cumulative preferential dividend equivalent to 1.2 times of the dividend rate of the ordinary shares declared for the same financial year/period at the discretion of the Company.

The ICPS may be converted at any time on a date falling 12 months after the quotation date of the ICPS. The conversion price is fixed at 1 ordinary share of the Company and shall be satisfied by surrendering 1 ICPS for each ordinary share of the Company, subject to adjustment to the conversion price. No cash is payable by the holder of the ICPS upon conversion of the ICPS to ordinary shares. The ordinary shares resulting from each conversion shall rank *pari passu* in all respect with the remaining ordinary shares.

In the event of repayment of capital by the Company (including any cancellation of capital which is lost or unrepresented by assets), each ICPS holder will be entitled to participate in such repayment and shall rank *pari passu* with the existing ordinary shareholders.

Notes to the Financial Statements

12. Reserves

12.1 FVOCI reserves

The FVOCI reserves comprise:

a) The cumulative net change in the fair value of FVOCI financial assets until the investments are derecognised or impaired; and
b) ECL reserves representing the cumulative net change in the ECL.

12.2 Insurance finance reserves

The insurance finance reserves comprise the cumulative insurance finance income and expenses on insurance contracts issued and reinsurance contracts held recognised in OCI as disclosed in Note 21.

12.3 Other reserves

The other reserves represent the surplus on revaluation of land and buildings.

12.4 Retained earnings

Restriction on payment of dividends by insurance subsidiaries

Pursuant to the Risk-Based Capital Framework for Insurers ("RBC Framework"), the insurance subsidiaries of the Group ("Insurance Subsidiaries") shall not pay dividends if the Capital Adequacy Ratio ("CAR") position of the Insurance Subsidiaries is less than the Insurance Subsidiaries' internal target capital levels or if the payment of dividends would impair Insurance Subsidiaries' CAR position to below Insurance Subsidiaries' internal target capital levels.

Pursuant to Section 51(1) of the FSA, the Insurance Subsidiaries are required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend on its shares.

13. Deferred tax assets and (liabilities)

13.1 Recognised deferred tax assets and (liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Property, plant and equipment	-	-	(15,120)	(17,186)	(15,120)	(17,186)
Intangible assets	-	-	(1,340)	(969)	(1,340)	(969)
LRC – Allowance for impairment	5,211	5,367	-	-	5,211	5,367
Other payables and accruals	39,241	35,950	-	-	39,241	35,950
Investments recognised in PL	122	1,579	(35,447)	(4,996)	(35,325)	(3,417)
Investments recognised in OCI	1,200	-	(26,990)	(12,643)	(25,790)	(12,643)
Insurance contract liabilities recognised in PL	50,191	38,979	(70,016)	(52,028)	(19,825)	(13,049)
Insurance contract liabilities recognised in OCI	19,313	12,696	(136)	(2,075)	19,177	10,621
Reinsurance contract held recognised in PL	6,231	3,843	-	-	6,231	3,843
Reinsurance contract held recognised in OCI	1,423	1,623	-	-	1,423	1,623
Expected credit losses recognised in PL	913	983	-	-	913	983
Expected credit losses recognised in OCI	-	-	(691)	(764)	(691)	(764)
Retained earnings – Life fund	-	-	(588,344)	(549,601)	(588,344)	(549,601)
Tax assets/(liabilities)	123,845	101,020	(738,084)	(640,262)	(614,239)	(539,242)
Offset of tax	(123,275)	(101,020)	123,275	101,020	-	-
Net deferred tax assets/(liabilities)	570	-	(614,809)	(539,242)	(614,239)	(539,242)
Company						
Property, plant and equipment	-	-	(81)	(101)	(81)	(101)
Investments recognised in PL	-	-	(549)	-	(549)	-
Investments recognised in OCI	1,200	-	-	-	1,200	-
Tax assets/(liabilities)	1,200	-	(630)	(101)	570	(101)
Offset of tax	(630)	-	630	-	-	-
Net deferred tax assets/(liabilities)	570	-	-	(101)	570	(101)

Notes to the Financial Statements

13. Deferred tax assets and (liabilities)

13.1 Recognised deferred tax assets and (liabilities) are attributable to the following: (continued)

	2024 RM'000	2023 RM'000
Group		
Deferred tax assets to be recovered:		
- Within 12 months	**43,093**	38,494
- After 12 months	**80,752**	62,526
Total deferred tax assets	**123,845**	101,020
Deferred tax liabilities to be settled:		
- Within 12 months	**(48,166)**	(32,247)
- After 12 months	**(689,918)**	(608,015)
Total deferred tax liabilities	**(738,084)**	(640,262)
Company		
Deferred tax assets to be recovered:		
- After 12 months	**1,200**	-
Total deferred tax assets	**1,200**	-
Deferred tax liabilities to be settled:		
- After 12 months	**(630)**	(101)
Total deferred tax liabilities	**(630)**	(101)

13. **Deferred tax assets and (liabilities) (continued)**

13.2 **Movement in temporary differences during the year:**

	At 1.1.2023 RM'000	Recognised in profit or loss RM'000	Recognised in OCI (Note 23.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 23.2) RM'000	At 31.12.2023 /At 1.1.2024 RM'000	Recognised in profit or loss RM'000	Recognised in OCI (Note 23.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 23.2) RM'000	At 31.12.2024 RM'000
Group									
Property, plant and equipment	(16,947)	155	(394)	-	**(17,186)**	**2,066**	**-**	**-**	**(15,120)**
Intangible assets	(788)	(181)	-	-	**(969)**	**(371)**	**-**	**-**	**(1,340)**
LRC – Allowance for impairment	4,484	883	-	-	**5,367**	**(156)**	**-**	**-**	**5,211**
Other payables and accruals	31,081	4,869	-	-	**35,950**	**3,291**	**-**	**-**	**39,241**
Investments recognised in PL	15,717	(1,371)	-	(17,763)	**(3,417)**	**(2,098)**	**-**	**(29,810)**	**(35,325)**
Investments recognised in OCI	16,111	-	(28,754)	-	**(12,643)**	**-**	**(13,147)**	**-**	**(25,790)**
Insurance contract liabilities recognised in PL	(6,066)	(6,983)	-	-	**(13,049)**	**(6,776)**	**-**	**-**	**(19,825)**
Insurance contract liabilities recognised in OCI	(4,578)	-	15,199	-	**10,621**	**-**	**8,556**	**-**	**19,177**
Reinsurance contract held recognised in PL	1,325	2,518	-	-	**3,843**	**2,388**	**-**	**-**	**6,231**
Reinsurance contract held recognised in OCI	2,115	-	(492)	-	**1,623**	**-**	**(200)**	**-**	**1,423**
Expected credit losses recognised in PL	988	(5)	-	-	**983**	**(70)**	**-**	**-**	**913**
Expected credit losses recognised in OCI	(760)	-	(4)	-	**(764)**	**-**	**73**	**-**	**(691)**
Retained earnings – Life fund	(502,942)	(46,659)	-	-	**(549,601)**	**(38,743)**	**-**	**-**	**(588,344)**
	(460,260)	(46,774)	(14,445)	(17,763)	**(539,242)**	**(40,469)**	**(4,718)**	**(29,810)**	**(614,239)**
Company									
Property, plant and equipment	(106)	5	-	-	**(101)**	**20**	**-**	**-**	**(81)**
Investments recognised in PL	-	-	-	-	**-**	**(549)**	**-**	**-**	**(549)**
Investments recognised in OCI	-	-	-	-	**-**	**-**	**1,200**	**-**	**1,200**
	(106)	5	-	-	**(101)**	**(529)**	**1,200**	**-**	**570**

Notes to the Financial Statements

14. Insurance contract liabilities

Group	Note	2024 RM'000	2023 RM'000
Life insurance	14(a)	**16,376,783**	15,043,320
General insurance	14(b)	**4,843,092**	4,272,610
		21,219,875	19,315,930
Amount expected to be recovered/settled within 12 months		**5,704,940**	5,090,428
Amount expected to be recovered/settled more than 12 months		**15,514,935**	14,225,502
		21,219,875	19,315,930

(a) Life insurance

	2024 RM'000	2023 RM'000
Contracts not measured under PAA	**16,019,216**	14,737,182
Contracts measured under PAA	**357,567**	306,138
	16,376,783	15,043,320

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts

(1) Contracts not measured under PAA

Analysis by remaining coverage and incurred claims:

	2024			
	Liabilities for remaining coverage			
Group	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	13,272,269	11,774	1,453,139	14,737,182
Insurance revenue	(1,992,420)	-	-	(1,992,420)
Insurance service expenses				
Incurred claims and other insurance service expenses	77,818	-	1,052,788	1,130,606
Amortisation of insurance acquisition cash flows	433,907	-	-	433,907
Losses and reversal of losses on onerous contracts	-	(1,529)	-	(1,529)
	511,725	(1,529)	1,052,788	1,562,984
Insurance service result				
Finance expenses from insurance contracts issued	1,189,314	-	-	1,189,314
Investment components	(1,199,009)	-	1,199,009	-
Net insurance and investment results	(1,490,390)	(1,529)	2,251,797	759,878
Cash flows				
Premium received	3,336,134	-	-	3,336,134
Claims and other insurance service expenses paid, including investment components	-	-	(2,172,735)	(2,172,735)
Insurance acquisition cash flows	(626,233)	-	-	(626,233)
Total cash flows	2,709,901	-	(2,172,735)	537,166
Tax on underlying items	(15,010)	-	-	(15,010)
Closing balance	14,476,770	10,245	1,532,201	16,019,216

14. **Insurance contract liabilities (continued)**

(a) **Life insurance (continued)**

A. **Movements in carrying amounts (continued)**

(1) **Contracts not measured under PAA (continued)**

Reconciliation of the measurement components of insurance contract balances:

	2024			
Group	**Estimate of PVFCF RM'000**	**Risk adjustment for non-financial risk RM'000**	**Contractual service margin RM'000**	**Total RM'000**
Opening balance	11,065,752	423,195	3,248,235	14,737,182
Changes that relate to current services				
CSM recognised for services provided	-	-	(487,092)	(487,092)
Change in risk adjustment for non-financial risk for risk expired	-	(60,444)	-	(60,444)
Experience adjustments	86,631	-	-	86,631
Changes that relate to future services				
Contracts initially recognised in the year	(564,742)	76,658	488,084	-
Changes in estimates that adjust the CSM	(308,080)	21,316	286,764	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,529)	-	-	(1,529)
Changes in unmodelled reserves	32,998	-	-	32,998
Insurance service result	(754,722)	37,530	287,756	(429,436)
Finance expenses from insurance contracts issued	1,186,350	115	2,849	1,189,314
Net insurance and investment results	431,628	37,645	290,605	759,878

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Contracts not measured under PAA (continued)

Reconciliation of the measurement components of insurance contract balances: (continued)

Group	2024 Estimate of PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Cash flows				
Premium received	3,336,134	-	-	3,336,134
Claims and other insurance service expenses paid, including investment components	(2,172,735)	-	-	(2,172,735)
Insurance acquisition cash flows	(626,233)	-	-	(626,233)
Total cash flows	537,166	-	-	537,166
Tax on underlying items	(15,010)	-	-	(15,010)
Closing balance	12,019,536	460,840	3,538,840	16,019,216

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims:

Group	2023			
	Liabilities for remaining coverage		Liabilities for incurred claims RM'000	Total RM'000
	Excluding loss component RM'000	Loss component RM'000		
Opening balance	12,378,824	7,754	1,288,491	13,675,069
Insurance revenue	(1,778,860)	-	-	(1,778,860)
Insurance service expenses				
Incurred claims and other insurance service expenses	46,426	-	1,002,308	1,048,734
Amortisation of insurance acquisition cash flows	406,096	-	-	406,096
Losses and reversal of losses on onerous contracts	-	4,020	-	4,020
	452,522	4,020	1,002,308	1,458,850
Insurance service result	(1,326,338)	4,020	1,002,308	(320,010)
Finance expenses from insurance contracts issued	881,836	-	-	881,836
Investment components	(1,123,978)	-	1,123,978	-
Net insurance and investment results	(1,568,480)	4,020	2,126,286	561,826
Cash flows				
Premium received	3,115,134	-	-	3,115,134
Claims and other insurance service expenses paid, including investment components	(44)	-	(1,961,638)	(1,961,682)
Insurance acquisition cash flows	(613,323)	-	-	(613,323)
Total cash flows	2,501,767	-	(1,961,638)	540,129
Tax on underlying items	(39,842)	-	-	(39,842)
Closing balance	13,272,269	11,774	1,453,139	14,737,182

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Contracts not measured under PAA (continued)

Reconciliation of the measurement components of insurance contract balances:

	2023			
Group	Estimate of PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	10,379,734	364,183	2,931,152	13,675,069
Changes that relate to current services				
CSM recognised for services provided	-	-	(433,142)	(433,142)
Change in risk adjustment for non-financial risk for risk expired	-	(54,164)	-	(54,164)
Experience adjustments	131,391	-	-	131,391
Changes that relate to future services				
Contracts initially recognised in the year	(555,588)	78,076	477,512	-
Changes in estimates that adjust the CSM	(304,665)	34,888	269,777	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	4,020	-	-	4,020
Changes in unmodelled reserves	31,885	-	-	31,885
Insurance service result	(692,957)	58,800	314,147	(320,010)
Finance expenses from insurance contracts issued	878,688	212	2,936	881,836
Net insurance and investment results	185,731	59,012	317,083	561,826

14. **Insurance contract liabilities (continued)**

(a) **Life insurance (continued)**

A. **Movements in carrying amounts (continued)**

(1) **Contracts not measured under PAA (continued)**

Reconciliation of the measurement components of insurance contract balances: (continued)

Group	2023 Estimate of PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Cash flows				
Premium received	3,115,134	-	-	3,115,134
Claims and other insurance service expenses paid, including investment components	(1,961,682)	-	-	(1,961,682)
Insurance acquisition cash flows	(613,323)	-	-	(613,323)
Total cash flows	540,129	-	-	540,129
Tax on underlying items	(39,842)	-	-	(39,842)
Closing balance	11,065,752	423,195	3,248,235	14,737,182

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(2) Contracts measured under PAA

Analysis by remaining coverage and incurred claims:

Group	2024			
	Liabilities for remaining coverage		Liabilities for incurred claims RM'000	Total RM'000
	Excluding loss component RM'000	Loss component RM'000		
Opening balance	100,942	-	205,196	306,138
Insurance revenue	(440,058)	-	-	(440,058)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	-	378,925	378,925
Amortisation of insurance acquisition cash flows	44,764	-	-	44,764
	44,764	-	378,925	423,689
Insurance service result	(395,294)	-	378,925	(16,369)
Investment components	(4,474)	-	4,474	-
Net insurance and investment results	(399,768)	-	383,399	(16,369)
Cash flows				
Premium received	470,043	-	-	470,043
Claims and other insurance service expenses paid, including investment components	-	-	(356,044)	(356,044)
Insurance acquisition cash flows	(46,201)	-	-	(46,201)
Total cash flows	423,842	-	(356,044)	67,798
Closing balance	125,016	-	232,551	357,567

Notes to the Financial Statements

14. **Insurance contract liabilities (continued)**

(a) **Life insurance (continued)**

A. **Movements in carrying amounts (continued)**

(2) **Contracts measured under PAA (continued)**

Analysis by remaining coverage and incurred claims:

	2023			
	Liabilities for remaining coverage			
Group	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	85,448	-	141,676	227,124
Insurance revenue	(389,988)	-	-	(389,988)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	-	367,997	367,997
Amortisation of insurance acquisition cash flows	40,152	-	-	40,152
	40,152	-	367,997	408,149
Insurance service result	(349,836)	-	367,997	18,161
Investment components	(1,598)	-	1,598	-
Net insurance and investment results	(351,434)	-	369,595	18,161
Cash flows				
Premium received	408,729	-	-	408,729
Claims and other insurance service expenses paid, including investment components	-	-	(306,075)	(306,075)
Insurance acquisition cash flows	(41,801)	-	-	(41,801)
Total cash flows	366,928	-	(306,075)	60,853
Closing balance	100,942	-	205,196	306,138

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

B. Effect of contracts initially recognised in the year – Contracts not measured under PAA

Group	2024 Profitable contracts issued RM'000	2023 Profitable contracts issued RM'000
Insurance acquisition cash flows	**607,686**	598,612
Claims and other insurance service expenses payable	**1,041,306**	1,119,394
Estimates of present value of cash outflows	**1,648,992**	1,718,006
Estimates of present value of cash inflows	**(2,213,734)**	(2,273,594)
Risk adjustment for non-financial risk	**76,658**	78,076
CSM	**488,084**	477,512
Insurance contract liabilities from contracts recognised in the year	**-**	-

C. Expected recognition of the contractual service margin:

Group	1 year or less RM'000	> 1 year RM'00	> 2 years RM'000	> 3 years RM'000	> 4 years RM'000	> 5 years RM'000	Total RM'000
2024							
Contracts not measured under PAA	**453,311**	**404,021**	**360,093**	**320,408**	**284,351**	**1,716,656**	**3,538,840**
2023							
Contracts not measured under PAA	414,621	372,956	334,801	300,301	267,542	1,558,014	3,248,235

(b) General insurance

	2024 RM'000	2023 RM'000
Motor	**3,180,854**	2,769,113
Fire	**589,922**	521,471
Others	**1,072,316**	982,026
	4,843,092	4,272,610

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(b) General insurance (continued)

A. Movements in carrying amounts

(1) Motor

Analysis by remaining coverage and incurred claims:

Group	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening balance	978,546	-	1,700,012	90,555	2,769,113
Insurance revenue	(2,233,784)	-	-	-	(2,233,784)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,665,488	46,363	1,711,851
Insurance acquisition cash flows amortisation	356,849	-	-	-	356,849
Initial recognition of onerous underlying contracts and reversal of loss component	-	394	-	-	394
Changes that relate to past services – changes in the FCF relating to the LIC	-	-	(158,935)	(32,433)	(191,368)
	356,849	394	1,506,553	13,930	1,877,726
Insurance service result	(1,876,935)	394	1,506,553	13,930	(356,058)
Finance expenses from insurance contracts issued	-	-	50,617	2,726	53,343
Total amounts recognised in comprehensive income	(1,876,935)	394	1,557,170	16,656	(302,715)
Cash flows					
Premium received	2,383,561	-	-	-	2,383,561
Claims and other directly attributable expenses paid	-	-	(1,267,607)	-	(1,267,607)
Insurance acquisition cash flows	(401,498)	-	-	-	(401,498)
Total cash flows	1,982,063	-	(1,267,607)	-	714,456
Closing balance	1,083,674	394	1,989,575	107,211	3,180,854

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(b) General insurance (continued)

A. Movements in carrying amounts (continued)

(1) Motor (continued)

Analysis by remaining coverage and incurred claims (continued):

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
Group	Excluding loss component RM'000	Loss component RM'000	PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening balance	790,351	11,780	1,622,478	86,134	2,510,743
Insurance revenue	(1,858,377)	-	-	-	(1,858,377)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,447,954	39,292	1,487,246
Insurance acquisition cash flows amortisation	274,618		-	-	274,618
Initial recognition of onerous underlying contracts and reversal of loss component	-	(11,780)	-	-	(11,780)
Changes that relate to past services – changes in the FCF relating to the LIC	-	-	(222,038)	(37,655)	(259,693)
	274,618	(11,780)	1,225,916	1,637	1,490,391
Insurance service result	(1,583,759)	(11,780)	1,225,916	1,637	(367,986)
Finance expenses from insurance contracts issued	-	-	52,218	2,784	55,002
Total amounts recognised in comprehensive income	(1,583,759)	(11,780)	1,278,134	4,421	(312,984)
Cash flows					
Premium received	2,073,228	-	-	-	2,073,228
Claims and other directly attributable expenses paid	-	-	(1,200,600)	-	(1,200,600)
Insurance acquisition cash flows	(301,274)	-	-	-	(301,274)
Total cash flows	1,771,954	-	(1,200,600)	-	571,354
Closing balance	978,546	-	1,700,012	90,555	2,769,113

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(b) General insurance (continued)

A. Movements in carrying amounts (continued)

(2) Fire

Analysis by remaining coverage and incurred claims:

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
Group	Excluding loss component RM'000	Loss component RM'000	PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening balance	142,964	-	349,017	29,490	521,471
Insurance revenue	(403,124)	-	-	-	(403,124)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	326,886	14,324	341,210
Insurance acquisition cash flows amortisation	71,205	-	-	-	71,205
Changes that relate to past services – changes in the FCF relating to the LIC	-	-	(118,493)	(15,407)	(133,900)
	71,205	-	208,393	(1,083)	278,515
Insurance service result	(331,919)	-	208,393	(1,083)	(124,609)
Finance expenses from insurance contracts issued	-		9,569	807	10,376
Total amounts recognised in comprehensive income	(331,919)	-	217,962	(276)	(114,233)
Cash flows					
Premium received	453,255	-	-	-	453,255
Claims and other directly attributable expenses paid	-	-	(197,637)	-	(197,637)
Insurance acquisition cash flows	(72,934)	-	-	-	(72,934)
Total cash flows	380,321	-	(197,637)	-	182,684
Closing balance	191,366	-	369,342	29,214	589,922

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(b) General insurance (continued)

A. Movements in carrying amounts (continued)

(2) Fire (continued)

Analysis by remaining coverage and incurred claims: (continued)

Group	2023 Liabilities for remaining coverage Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening balance	151,822	-	345,517	32,372	529,711
Insurance revenue	(380,648)	-	-	-	(380,648)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	235,422	10,481	245,903
Insurance acquisition cash flows amortisation	66,100	-	-	-	66,100
Changes that relate to past services – changes in the FCF relating to the LIC	-	-	(41,064)	(14,308)	(55,372)
	66,100	-	194,358	(3,827)	256,631
Insurance service result	(314,548)	-	194,358	(3,827)	(124,017)
Finance expenses from insurance contracts issued	-	-	9,816	945	10,761
Total amounts recognised in comprehensive income	(314,548)	-	204,174	(2,882)	(113,256)
Cash flows					
Premium received	377,488	-	-	-	377,488
Claims and other directly attributable expenses paid	-	-	(200,674)	-	(200,674)
Insurance acquisition cash flows	(71,798)	-	-	-	(71,798)
Total cash flows	305,690	-	(200,674)	-	105,016
Closing balance	142,964	-	349,017	29,490	521,471

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(b) General insurance (continued)

A. Movements in carrying amounts (continued)

(3) Others

Analysis by remaining coverage and incurred claims:

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
Group	Excluding loss component RM'000	Loss component RM'000	PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening balance	182,805	23,114	690,163	85,944	982,026
Insurance revenue	(582,102)	-	-	-	(582,102)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	348,691	22,656	371,347
Insurance acquisition cash flows amortisation	123,873	-	-	-	123,873
Initial recognition of onerous underlying contracts and reversal of loss component	-	(7,414)	-	-	(7,414)
Changes that relate to past services – changes in the FCF relating to the LIC	-	-	(57,276)	(20,373)	(77,649)
	123,873	(7,414)	291,415	2,283	410,157
Insurance service result	(458,229)	(7,414)	291,415	2,283	(171,945)
Finance expenses from insurance contracts issued	-	-	18,162	2,304	20,466
Total amounts recognised in comprehensive income	(458,229)	(7,414)	309,577	4,587	(151,479)
Cash flows					
Premium received	678,078	-	-	-	678,078
Claims and other directly attributable expenses paid	-	-	(306,253)	-	(306,253)
Insurance acquisition cash flows	(130,056)	-	-	-	(130,056)
Total cash flows	548,022	-	(306,253)	-	241,769
Closing balance	272,598	15,700	693,487	90,531	1,072,316

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(b) General insurance (continued)

A. Movements in carrying amounts (continued)

(3) Others (continued)

Analysis by remaining coverage and incurred claims: (continued)

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
Group	Excluding loss component RM'000	Loss component RM'000	PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening balance	228,601	46,393	695,571	98,606	1,069,171
Insurance revenue	(533,768)	-	-	-	(533,768)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	304,714	17,526	322,240
Insurance acquisition cash flows amortisation	116,003	-	-	-	116,003
Initial recognition of onerous underlying contracts and reversal of loss component	-	(23,279)	-	-	(23,279)
Changes that relate to past services – changes in the FCF relating to the LIC	-	-	(99,401)	(33,096)	(132,497)
	116,003	(23,279)	205,313	(15,570)	282,467
Insurance service result	(417,765)	(23,279)	205,313	(15,570)	(251,301)
Finance expenses from insurance contracts issued	-	-	19,418	2,908	22,326
Total amounts recognised in comprehensive income	(417,765)	(23,279)	224,731	(12,662)	(228,975)
Cash flows					
Premium received	492,899	-	-	-	492,899
Claims and other directly attributable expenses paid	-	-	(230,139)	-	(230,139)
Insurance acquisition cash flows	(120,930)	-	-	-	(120,930)
Total cash flows	371,969	-	(230,139)	-	141,830
Closing balance	182,805	23,114	690,163	85,944	982,026

Notes to the Financial Statements

15. Reinsurance contract liabilities

Life insurance

	2024 RM'000	2023 RM'000
Contracts not measured under PAA	**88,943**	45,105
Contracts measured under PAA	**43,238**	24,672
	132,181	69,777
Amount expected to be recovered/settled within 12 months	**35,936**	(18,503)
Amount expected to be recovered/settled more than 12 months	**96,245**	88,280
	132,181	69,777

A. Movements in carrying amounts

(1) Contracts not measured under PAA

Analysis by remaining coverage and incurred claims:

	2024		
Group	Liabilities for remaining coverage excluding loss component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening balance	**86,992**	**(41,887)**	**45,105**
Reinsurance expenses	**136,017**	**-**	**136,017**
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	**(15,705)**	**(113,295)**	**(129,000)**
Adjustments to liabilities for incurred claims	**-**	**9,657**	**9,657**
	(15,705)	**(103,638)**	**(119,343)**
Expenses/(Income) from reinsurance contracts held	**120,312**	**(103,638)**	**16,674**
Net reinsurance finance income	**(335)**	**-**	**(335)**
Net expenses/(income) from reinsurance contracts held	**119,977**	**(103,638)**	**16,339**
Cash flows			
Premium received	**(127,627)**	**-**	**(127,627)**
Deposit received	**71,265**	**-**	**71,265**
Claims and other insurance service expenses paid, including investment components	**-**	**68,155**	**68,155**
Insurance acquisition cash flows	**15,706**	**-**	**15,706**
Total cash flows	**(40,656)**	**68,155**	**27,499**
Closing balance	**166,313**	**(77,370)**	**88,943**

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Contracts not measured under PAA (continued)

Reconciliation of the measurement components of reinsurance contract balances:

Group	2024 Estimate of PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	**213,253**	**(25,537)**	**(142,611)**	**45,105**
Changes in the statement of profit or loss and OCI				
Changes that relate to current services				
CSM recognised for services received	-	-	23,497	23,497
Change in risk adjustment for non-financial risk for risk expired	-	3,386	-	3,386
Experience adjustments	(10,209)	-	-	(10,209)
Changes that relate to future services				
Contracts initially recognised in the year	205	(7)	(198)	-
Changes in estimates that adjust the CSM	31,374	(4,849)	(26,525)	-
Expenses/(Income) from reinsurance contracts held	**21,370**	**(1,470)**	**(3,226)**	**16,674**
Net reinsurance finance expenses/(income)	7,662	(225)	(7,772)	(335)
Net expenses/(income) from reinsurance contracts held	**29,032**	**(1,695)**	**(10,998)**	**16,339**
Cash flows				
Premium received	(127,627)	-	-	(127,627)
Deposit received	71,265	-	-	71,265
Claims and other insurance service expenses paid, including investment components	68,155	-	-	68,155
Insurance acquisition cash flows	15,706	-	-	15,706
Total cash flows	**27,499**	-	-	**27,499**
Closing balance	**269,784**	**(27,232)**	**(153,609)**	**88,943**

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims:

Group	2023 Liabilities for remaining coverage excluding loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	81,505	25,805	107,310
Reinsurance expenses	93,986	-	93,986
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	(8,001)	(96,869)	(104,870)
Adjustments to liabilities for incurred claims	-	(32,706)	(32,706)
	(8,001)	(129,575)	(137,576)
Expenses/(Income) from reinsurance contracts held	85,985	(129,575)	(43,590)
Net reinsurance finance expenses	1,110	-	1,110
Net expenses/(income) from reinsurance contracts held	87,095	(129,575)	(42,480)
Cash flows			
Premium received	(89,608)	-	(89,608)
Claims and other insurance service expenses paid, including investment components	-	61,883	61,883
Insurance acquisition cash flows	8,000	-	8,000
Total cash flows	(81,608)	61,883	(19,725)
Closing balance	86,992	(41,887)	45,105

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Contracts not measured under PAA (continued)

Reconciliation of the measurement components of reinsurance contract balances:

Group	2023 Estimate of PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	242,522	(22,459)	(112,753)	107,310
Changes in the statement of profit or loss and OCI				
Changes that relate to current services				
CSM recognised for services received	-	-	16,919	16,919
Change in risk adjustment for non-financial risk for risk expired	-	3,038	-	3,038
Experience adjustments	(63,547)	-	-	(63,547)
Changes that relate to future services				
Contracts initially recognised in the year	7	-	(7)	-
Changes in estimates that adjust the CSM	45,528	(5,640)	(39,888)	-
Income from reinsurance contracts held	(18,012)	(2,602)	(22,976)	(43,590)
Net reinsurance finance expenses/ (income)	8,468	(476)	(6,882)	1,110
Net income from reinsurance contracts held	(9,544)	(3,078)	(29,858)	(42,480)
Cash flows				
Premium received	(89,608)	-	-	(89,608)
Claims and other insurance service expenses paid, including investment components	61,883	-	-	61,883
Insurance acquisition cash flows	8,000	-	-	8,000
Total cash flows	(19,725)	-	-	(19,725)
Closing balance	213,253	(25,537)	(142,611)	45,105

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(2) Contracts measured under PAA

Analysis by remaining coverage and incurred claims:

	2024		
Group	Liabilities for remaining coverage excluding loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	24,672	-	24,672
Reinsurance expenses	40,989	-	40,989
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	19,129	(25,091)	(5,962)
	19,129	(25,091)	(5,962)
Net expenses/(income) from reinsurance contracts held	60,118	(25,091)	35,027
Cash flows			
Premium received	(40,989)	-	(40,989)
Claims and other insurance service expenses paid, including investment components	-	25,091	25,091
Insurance acquisition cash flows	(563)	-	(563)
Total cash flows	(41,552)	25,091	(16,461)
Closing balance	43,238	-	43,238

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(2) Contracts measured under PAA (continued)

Analysis by remaining coverage and incurred claims:

Group	2023 Liabilities for remaining coverage excluding loss component RM'000	2023 Liabilities for incurred claims RM'000	2023 Total RM'000
Opening balance	43,281	-	43,281
Reinsurance expenses	42,428	-	42,428
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	(19,172)	(36,283)	(55,455)
	(19,172)	(36,283)	(55,455)
Net expenses/(income) from reinsurance contracts held	23,256	(36,283)	(13,027)
Cash flows			
Premium received	(42,428)	-	(42,428)
Claims and other insurance service expenses paid, including investment components	-	36,283	36,283
Insurance acquisition cash flows	563	-	563
Total cash flows	(41,865)	36,283	(5,582)
Closing balance	24,672	-	24,672

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

B. Effect of contracts initially recognised in the year

Group	2024 Contracts originated not in a net gain RM'000	2023 Contracts originated not in a net gain RM'000
Estimates of present value of cash inflows	**(1,949)**	(30)
Estimates of present value of cash outflows	**2,154**	37
Risk adjustment for non-financial risk	**(7)**	-
CSM	**(198)**	(7)
Reinsurance contract liabilities from contracts recognised in the year	**-**	-

C. Expected recognition of the contractual service margin:

Group	1 year or less RM'000	> 1 year RM'000	> 2 years RM'000	> 3 years RM'000	> 4 years RM'000	> 5 years RM'000	Total RM'000
2024							
Contracts not measured under PAA	**(19,885)**	**(17,831)**	**(15,974)**	**(14,252)**	**(12,678)**	**(72,989)**	**(153,609)**
2023							
Contracts not measured under PAA	(18,111)	(16,320)	(14,754)	(13,319)	(11,945)	(68,162)	(142,611)

16. Lease liabilities

	2024 RM'000	2023 RM'000
Non-current	**6,822**	14,547
Current	**10,909**	10,757
	17,731	25,304

Notes to the Financial Statements

17. Other liabilities

	Note	2024 RM'000	2023 RM'000
Group			
Current			
Cash collateral payables		**6,240**	5,967
Performance bond deposits	17.1	**118,927**	106,498
Outstanding purchase of investment securities		**55,798**	58,654
Other payables		**187,267**	151,280
Accrued expenses		**53,280**	75,744
Sundry creditors		**56,794**	20,546
Due to agent and intermediaries		**114,749**	88,136
Dividend payable		**-**	262,099
Due to holding company	17.2	**12,792**	9,456
Due to related companies	17.2	**35,297**	25,413
		641,144	803,793
Company			
Current			
Other payables and accrued expenses		**17,229**	11,632
Sundry creditors		**2,127**	2,762
Dividend payable		**-**	262,099
		19,356	276,493

17.1 Performance bond deposits

Performance bond deposits are interest bearing collateral deposits received from policyholders for guarantees issued on behalf of policyholders.

17.2 Amounts due to holding company and related companies

The amounts due to holding company and related companies are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

18. Insurance revenue

Group	2024 RM'000	2023 RM'000
Contracts not measured under the PAA		
Amount relating to changes in liabilities for remaining coverage		
- CSM recognised for services provided	487,092	433,142
- Change in risk adjustment for non-financial risk for risk expired	60,444	54,164
- Expected incurred claims and other insurance service expenses	1,010,977	885,458
Recovery of insurance acquisition cash flows	433,907	406,096
	1,992,420	1,778,860
Contracts measured under the PAA	3,659,068	3,162,781
Total insurance revenue	5,651,488	4,941,641

Analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables.

Group	2024 New contracts recognised post-transition and contracts measured under the full retrospective approach at transition RM'000	2024 Contracts measured under the modified retrospective approach at transition RM'000	2024 Total RM'000	2023 New contracts recognised post-transition and contracts measured under the full retrospective approach at transition RM'000	2023 Contracts measured under the modified retrospective approach at transition RM'000	2023 Total RM'000
Insurance revenue	5,093,463	558,025	5,651,488	4,422,140	519,501	4,941,641
CSM as at 1 January	2,654,735	593,500	3,248,235	2,358,354	572,799	2,931,153
Changes that relate to current services						
CSM recognised for services provided	(377,432)	(109,660)	(487,092)	(333,299)	(99,843)	(433,142)
Changes that relate to future services						
Contracts initially recognised in the year	488,084	-	488,084	477,512	-	477,512
Changes in estimates that adjust the CSM	144,961	141,802	286,763	150,857	118,920	269,777
	255,613	32,142	287,755	295,070	19,077	314,147
Net finance expenses from insurance contracts issued	1,662	1,188	2,850	1,311	1,624	2,935
Total amounts recognised in comprehensive income	257,275	33,330	290,605	296,381	20,701	317,082
CSM as at 31 December	2,912,010	626,830	3,538,840	2,654,735	593,500	3,248,235

Notes to the Financial Statements

19. Insurance service expenses

Group	2024 RM'000	2023 RM'000
Contracts not measured under the PAA		
Incurred claims and other directly attributable expenses	**(1,130,606)**	(1,048,734)
Insurance acquisition cash flows amortisation	**(433,907)**	(406,096)
Reversal of losses/(Losses) on onerous insurance contracts	**1,529**	(4,020)
	(1,562,984)	(1,458,850)
Contracts measured under the PAA		
Incurred claims and other directly attributable expenses	**(2,803,407)**	(2,423,451)
Insurance acquisition cash flows amortisation	**(596,691)**	(496,873)
Changes that relate to past services – changes in the FCF relating to the LIC	**402,917**	447,562
Reversal of losses on onerous insurance contracts	**7,020**	35,059
	(2,990,161)	(2,437,703)
Total insurance service expenses	**(4,553,145)**	(3,896,553)

20. Net expenses from reinsurance contracts held

Group	2024 RM'000	2023 RM'000
Net income/(expenses) from reinsurance contracts held		
Contracts not measured under PAA		
Amounts relating to the changes in the remaining coverage		
- Expected incurred claims and other directly attributable expenses recovery	**19,866**	30,841
- Change in the risk adjustment for non-financial risk for the risk expired	**(3,386)**	(3,038)
- CSM recognised for the services received	**(23,497)**	(16,919)
Changes in fulfilment cash flows relating to incurred claims	**(9,657)**	32,706
	(16,674)	43,590
Contracts measured under PAA		
Reinsurance expenses – contracts measured under the PAA	**(350,040)**	(279,417)
Other incurred directly attributable income/(expenses)	**(35,027)**	13,027
Incurred claims recovery	**194,378**	112,600
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**(67,944)**	(106,947)
Change in loss recovery component	**(4,829)**	(11,392)
	(263,462)	(272,129)
Total net expenses from reinsurance contracts held	**(280,136)**	(228,539)

Notes to the Financial Statements

20. Net expenses from reinsurance contracts held (continued)

Analysis of the CSM by transition method under reinsurance contracts held is included in the following table.

Group	2024 RM'000	2023 RM'000
Reinsurance contracts held		
CSM as at 31 December		
New contracts and contracts measured under the full retrospective approach at transition	**(255)**	(17)
Contracts measured under the modified retrospective approach at transition	**(153,354)**	(142,594)
	(153,609)	(142,611)

Group	2024 New contracts recognised post-transition and contracts measured under the full retrospective approach at transition RM'000	2024 Contracts measured under the modified retrospective approach at transition RM'000	2024 Total RM'000	2023 New contracts recognised post-transition and contracts measured under the full retrospective approach at transition RM'000	2023 Contracts measured under the modified retrospective approach at transition RM'000	2023 Total RM'000
CSM as at 1 January	**(17)**	**(142,594)**	**(142,611)**	19	(112,773)	(112,754)
Changes that relate to current services						
CSM recognised for services received	**5**	**23,491**	**23,496**	(4)	16,923	16,919
Changes that relate to future services						
Contracts initially recognised in the year	**(198)**	**-**	**(198)**	(7)	-	(7)
Changes in estimates that adjust the CSM	**(36)**	**(26,488)**	**(26,524)**	(25)	(39,862)	(39,887)
	(229)	**(2,997)**	**(3,226)**	(36)	(22,939)	(22,975)
Net finance income from insurance contracts issued	**(9)**	**(7,763)**	**(7,772)**	-	(6,882)	(6,882)
Total amounts recognised in comprehensive income	**(238)**	**(10,760)**	**(10,998)**	(36)	(29,821)	(29,857)
CSM as at 31 December	**(255)**	**(153,354)**	**(153,609)**	(17)	(142,594)	(142,611)

Notes to the Financial Statements

21. Investment income and insurance finance expenses

Group	2024 Participating fund RM'000	2024 Other RM'000	2024 Total RM'000	2023 Participating fund RM'000	2023 Other RM'000	2023 Total RM'000
Net investment income/(expenses) - underlying assets						
Investment income from financial assets not measured at FVTPL	**130,520**	**431,585**	**562,105**	146,216	372,372	518,588
Interest revenue from financial assets not measured at FVTPL	**128,048**	**429,163**	**557,211**	140,705	379,586	520,291
- Interest income	**131,418**	**434,778**	**566,196**	136,327	384,060	520,387
- Interest expenses	**(135)**	**(5,416)**	**(5,551)**	(103)	(4,577)	(4,680)
- Other investment (expenses)/income	**(3,235)**	**(199)**	**(3,434)**	4,481	103	4,584
Net gains/(losses) on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	**2,472**	**2,422**	**4,894**	5,511	(7,214)	(1,703)
- Realised gains	**2,472**	**7,503**	**9,975**	5,608	4,270	9,878
- Realised losses	**-**	**(5,081)**	**(5,081)**	(97)	(11,484)	(11,581)
Net credit impairment gains/(losses) on financial assets	**157**	**141**	**298**	139	(98)	41
Net investment income – not measured at FVTPL	**130,677**	**431,726**	**562,403**	146,355	372,274	518,629
Net gains on FVTPL investments	**8,713**	**851,776**	**860,489**	8,189	467,516	475,705
- Interest income	**5,334**	**263,018**	**268,352**	5,353	238,979	244,332
- Realised gains	**1,703**	**177,203**	**178,906**	3,481	584	4,065
- Other investment income	**-**	**4,081**	**4,081**	-	2,734	2,734
- Fair value gains/(losses)	**1,676**	**407,474**	**409,150**	(645)	225,219	224,574
Net investment income – measured at FVTPL	**8,713**	**851,776**	**860,489**	8,189	467,516	475,705

Notes to the Financial Statements

21. Investment income and insurance finance expenses (continued)

Group (continued)	2024 Participating fund RM'000	2024 Other RM'000	2024 Total RM'000	2023 Participating fund RM'000	2023 Other RM'000	2023 Total RM'000
Dividend income from financial assets not measured at FVTPL	25,279	525	25,804	28,014	681	28,695
Dividend income from financial assets measured at FVTPL	2,408	125,427	127,835	2,266	116,566	118,832
Dividend income	27,687	125,952	153,639	30,280	117,247	147,527
Total net investment income in profit and loss	167,077	1,409,454	1,576,531	184,824	957,037	1,141,861
Net gains on investments in debt securities measured at FVOCI	4,578	15,917	20,495	84,941	160,117	245,058
Net realised losses/(gains) transferred to profit or loss	2,472	(7,366)	(4,894)	5,511	(3,808)	1,703
Fair value gains/(losses) on cash flow hedge	1,568	-	1,568	(5,831)	-	(5,831)
Expected credit (losses)/gains	(157)	(161)	(318)	(139)	122	(17)
Net gains on investments in equity instruments measured at FVOCI	62,009	25,174	87,183	3,580	-	3,580
Total net investment income in other comprehensive income	70,470	33,564	104,034	88,062	156,431	244,493

Notes to the Financial Statements

21. Investment income and insurance finance expenses (continued)

	2024			2023		
Group	Participating fund RM'000	Other RM'000	Total RM'000	Participating fund RM'000	Other RM'000	Total RM'000
Finance (expenses)/ income from insurance contracts issued						
Changes in value of underlying assets of contracts measured under the VFA	**(165,431)**	**(938,874)**	**(1,104,305)**	(182,724)	(582,974)	(765,698)
Interest accreted	**-**	**(102,291)**	**(102,291)**	-	(84,338)	(84,338)
Effect of changes in interest rates and other financial assumptions	**22,092**	**(6,258)**	**15,834**	10,327	(5,150)	5,177
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	**-**	**-**	**-**	-	(2,936)	(2,936)
Finance expenses from insurance contracts issued	**(143,339)**	**(1,047,423)**	**(1,190,762)**	(172,397)	(675,398)	(847,795)
Finance income from reinsurance contracts held						
Interest accreted	**-**	**13,748**	**13,748**	-	14,317	14,317
Effect of changes in interest rates and other financial assumptions	**-**	**497**	**497**	-	1,132	1,132
Finance income from reinsurance contracts held	**-**	**14,245**	**14,245**	-	15,449	15,449
Net insurance finance expenses in profit or loss	**(143,339)**	**(1,033,178)**	**(1,176,517)**	(172,397)	(659,949)	(832,346)

21. Investment income and insurance finance expenses (continued)

	2024			2023		
Group	**Participating fund RM'000**	**Other RM'000**	**Total RM'000**	**Participating fund RM'000**	**Other RM'000**	**Total RM'000**
Finance expenses from insurance contracts issued						
Finance expenses from insurance contract issued	**(70,627)**	**-**	**(70,627)**	(88,201)	-	(88,201)
Effect of changes in interest rates and other financial assumptions	**-**	**(8,170)**	**(8,170)**	-	(25,306)	(25,306)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	**-**	**(3,940)**	**(3,940)**	-	(8,623)	(8,623)
Finance expenses from insurance contracts issued	**(70,627)**	**(12,110)**	**(82,737)**	(88,201)	(33,929)	(122,130)
Finance income/ (expenses) from reinsurance contracts held						
Effect of changes in interest rates and other financial assumptions	**-**	**1,786**	**1,786**	-	5,504	5,504
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	**-**	**(952)**	**(952)**	-	(3,452)	(3,452)
Finance income from reinsurance contracts held	**-**	**834**	**834**	-	2,052	2,052
Net insurance finance expenses in other comprehensive income	**(70,627)**	**(11,276)**	**(81,903)**	(88,201)	(31,877)	(120,078)

Notes to the Financial Statements

21. Investment income and insurance finance expenses (continued)

Summary of the amounts recognised in profit or loss and OCI:

Group	2024			2023		
	Participating fund RM'000	Other RM'000	Total RM'000	Participating fund RM'000	Other RM'000	Total RM'000
Net investment income						
Represented by:						
Amounts recognised in profit or loss	167,077	1,409,454	1,576,531	184,824	957,037	1,141,861
Amounts recognised in OCI	70,470	33,564	104,034	88,062	156,431	244,493
	237,547	1,443,018	1,680,565	272,886	1,113,468	1,386,354
Net finance expenses from insurance contracts						
Represented by:						
Amounts recognised in profit or loss	(143,339)	(1,047,423)	(1,190,762)	(172,397)	(675,398)	(847,795)
Amounts recognised in OCI	(70,627)	(12,110)	(82,737)	(88,201)	(33,929)	(122,130)
	(213,966)	(1,059,533)	(1,273,499)	(260,598)	(709,327)	(969,925)
Net finance income from reinsurance contracts						
Represented by:						
Amounts recognised in profit or loss	-	14,245	14,245	-	15,449	15,449
Amounts recognised in OCI	-	834	834	-	2,052	2,052
	-	15,079	15,079	-	17,501	17,501
Total net investment income, insurance finance expenses and reinsurance finance income						
Represented by:						
Amounts recognised in profit or loss	23,738	376,276	400,014	12,427	297,088	309,515
Amounts recognised in OCI	(157)	22,288	22,131	(139)	124,554	124,415
	23,581	398,564	422,145	12,288	421,642	433,930

Notes to the Financial Statements

21. Investment income and insurance finance expenses (continued)

The net gain or losses for each class of financial instrument by measurement category is as follows:

Group	2024 RM'000	2023 RM'000
Malaysian government securities	231,725	210,598
Malaysian government guaranteed bonds	94,728	93,645
Unquoted bonds of corporations in Malaysia	177,387	161,874
Unquoted bonds of corporations outside Malaysia	3,656	3,733
Fixed deposits with licensed financial institutions	53,483	36,838
Commercial paper	14	763
Other investments	1,112	11,137
Investment income from financial assets not measured at FVTPL	**562,105**	518,588
Malaysian government securities	122,584	157,618
Malaysian government guaranteed bonds	42,805	76,988
Quoted equity securities of corporations in Malaysia	526,991	45,728
Quoted equity securities of corporations outside Malaysia	5,956	4,323
Unquoted bonds of corporations in Malaysia	94,773	137,716
Quoted unit trusts in Malaysia	16,278	4,760
Unquoted unit trusts in Malaysia	2,676	8,126
Unquoted unit trusts outside Malaysia	28,162	18,024
Fixed deposits with licensed financial institutions	12,497	13,847
Other investments	6,362	2,869
Derivative financial assets/liabilities:		
Collateralised interest rate swap	535	4,947
Cross currency swap	870	759
Net gains on FVTPL investments	**860,489**	475,705
Malaysian government securities	227	(97)
Malaysian government guaranteed bonds	(77)	80
Unquoted bonds of corporations in Malaysia	200	119
Fixed deposits with licensed financial institutions	(58)	(90)
Commercial paper	1	(1)
Other investments	5	30
Net credit impairment gains on financial assets	**298**	41
Quoted equity securities of corporations in Malaysia	25,279	28,014
Unquoted equity securities of corporations in Malaysia	525	681
Dividend income from financial assets not measured at FVTPL	**25,804**	28,695

Notes to the Financial Statements

21. Investment income and insurance finance expenses (continued)

Group (continued)	2024 RM'000	2023 RM'000
Quoted equity securities of corporations in Malaysia	**101,981**	88,772
Quoted equity securities of corporations outside Malaysia	**4,483**	7,360
Quoted unit trusts in Malaysia	**8,324**	6,344
Unquoted unit trusts in Malaysia	**13,047**	16,356
Dividend income from financial assets measured at FVTPL	**127,835**	118,832
Total net investment income in profit or loss	**1,576,531**	1,141,861
Malaysian government securities	**9,694**	90,624
Malaysian government guaranteed bonds	**5,385**	81,273
Quoted equity securities of corporations in Malaysia	**62,009**	3,580
Unquoted equity securities of corporations in Malaysia	**25,174**	-
Unquoted bonds of corporations in Malaysia	**(1,387)**	72,940
Unquoted bonds of corporations outside Malaysia	**1,596**	1,883
Fixed deposits with licensed financial institutions	**11**	31
Other investments	**(16)**	(7)
Derivative financial assets/liabilities:		
Cross currency swap	**1,568**	(5,831)
Total net investment income in other comprehensive income	**104,034**	244,493

Company	2024 RM'000	2023 RM'000
Net investment income - underlying assets		
Investment income from financial assets not measured at FVTPL	**2,064**	2,508
Interest revenue from financial assets not measured at FVTPL	**2,064**	2,508
- Interest income	**2,263**	2,405
- Other investment (expenses)/income	**(199)**	103
Net credit impairment gains on financial assets	**1**	-
Net investment income - not measured at FVTPL	**2,065**	2,508
Net gains on FVTPL investments	**2,281**	133
- Fair value gains	**2,281**	133
Net investment income - other investment	**2,281**	133
Dividend income from subsidiaries	**60,288**	456,203
Dividend income	**60,288**	456,203
Total net investment income in profit or loss	**64,634**	458,844
Net losses on investments in equity instruments measured at FVOCI	**(5,000)**	-
Total net investment expenses in other comprehensive income	**(5,000)**	-

Notes to the Financial Statements

21. Investment income and insurance finance expenses (continued)

Summary of the amounts recognised in profit or loss and OCI:

Company	2024 RM'000	2023 RM'000
Net investment income		
Represented by:		
Amounts recognised in profit or loss	64,634	458,844
Amounts recognised in OCI	(5,000)	-
	59,634	458,844

The net gain or losses for each class of financial instrument by measurement category is as follows:

Company	2024 RM'000	2023 RM'000
Fixed deposits with licensed financial institutions	2,263	2,405
Other investments	(199)	103
Investment income from financial assets not measured at FVTPL	2,064	2,508
Other investments	2,281	133
Net gains on FVTPL investments	2,281	133
Fixed deposits with licensed financial institutions	1	-
Net credit impairment gains on financial assets	1	-
Dividend income from subsidiaries	60,288	456,203
Dividend income	60,288	456,203
Total net investment income in profit or loss	64,634	458,844
Unquoted equity securities of corporations in Malaysia	(5,000)	-
Total net investment expenses in other comprehensive income	(5,000)	-

Notes to the Financial Statements

22. Expenses by nature

Group 2024	Note	Expenses attributed to insurance acquisition cash flows* RM'000	Other directly attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
Advertising and marketing expenses		21,302	5,318	14,847	41,467
Amortisation of intangible assets	5	-	16,139	13,914	30,053
Auditors' remuneration:					
- statutory audit fees		-	1,092	361	1,453
- other audit related fees		-	190	491	681
Insurance and other receivables:					
- reversal of impairment losses		-	-	(206)	(206)
Bank charges		3,164	13,753	140	17,057
Depreciation of property, plant and equipment	3	639	12,832	1,254	14,725
Depreciation of right-of-use assets	4	692	19,050	1,734	21,476
Employee benefits expense	22.1	93,294	187,082	92,438	372,814
Executive directors' emoluments	22.2	-	-	6,379	6,379
Non-executive directors' fee and other emoluments	22.2	-	-	2,811	2,811
Short-term lease expenses		13	1,936	222	2,171
Lease expense on low-value assets		18	76	21	115
Claim expenses		-	19,106	-	19,106
Commissions		846,850	41,000	-	887,850
Other expenses		310,950	88,869	81,972	481,791
		1,276,922	406,443	216,378	1,899,743

22. Expenses by nature (continued)

Group 2023	Note	Expenses attributed to insurance acquisition cash flows* RM'000	Other directly attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
Advertising and marketing expenses		17,068	5,479	18,495	41,042
Amortisation of intangible assets	5	-	14,549	13,543	28,092
Auditors' remuneration:					
- statutory audit fees		-	1,166	304	1,470
- other audit related fees		-	948	428	1,376
Insurance and other receivables:					
- allowance of impairment losses		-	-	46	46
Bank charges		2,589	12,592	39	15,220
Depreciation of property, plant and equipment	3	713	14,055	1,433	16,201
Depreciation of right-of-use assets	4	769	17,881	2,095	20,745
Impairment of property, plant and equipment		-	-	60	60
Employee benefits expense	22.1	91,518	185,244	81,324	358,086
Executive directors' emoluments	22.2	-	-	5,153	5,153
Non-executive directors' fee and other emoluments	22.2	-	-	2,898	2,898
Short-term lease expenses		21	112	379	512
Lease expense on low-value assets		22	121	33	176
Claim expenses		-	17,231	-	17,231
Commissions		785,864	39,000	-	824,864
Other expenses		250,559	105,075	43,324	398,958
		1,149,123	413,453	169,554	1,732,130

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cash flows.

Notes to the Financial Statements

22. Expenses by nature (continued)

Company	Note	2024 Other operating expenses RM'000	2023 Other operating expenses RM'000
Advertising and marketing expenses		**27**	10
Auditors' remuneration:			
- statutory audit fees		**208**	220
- other audit related fees		**460**	380
Bank charges		**10**	9
Depreciation of property, plant and equipment	3	**316**	320
Employee benefits expense	22.1	**4,793**	7,115
Executive directors' emoluments	22.2	**334**	263
Non-executive directors' fee and other	22.2	**1,572**	1,638
Other expenses		**1,445**	3,337
		9,165	13,292

The following breakdown represent the reconciliation of directly attributable expenses and non-directly attributable expenses:

	2024 RM'000	2023 RM'000
Group		
Directly attributable expenses:		
Management expenses	**406,443**	413,453
Insurance acquisition cash flows	**1,276,922**	1,149,123
Non-directly attributable expenses:		
Management expenses		
Investment expenses	**12,072**	12,191
Other operating expenses	**152,606**	148,661
Other operating expenses/(income)		
Other operating expenses	**25,833**	22,417
Foreign currency exchange losses/(gains)	**25,867**	(13,715)
	1,899,743	1,732,130
Company		
Non-directly attributable expenses:		
Other operating expenses	**9,165**	13,292
	9,165	13,292

Notes to the Financial Statements

22. Expenses by nature (continued)

22.1 Employee benefits expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Wages and salaries	**263,386**	253,952	**2,211**	4,094
Social security contributions	**1,946**	1,876	**13**	19
Contributions to Employees' Provident Fund	**40,828**	36,620	**421**	494
Other benefits	**66,654**	65,638	**2,148**	2,508
	372,814	358,086	**4,793**	7,115

22.2 Key management personnel compensation

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Executive Directors/Chief Executive Officers:				
Salaries and other emoluments	**3,520**	2,746	**168**	140
Bonus	**2,161**	1,800	**130**	92
Contributions to Employees' Provident Fund	**698**	607	**36**	31
	6,379	5,153	**334**	263
Estimated monetary value of benefits-in-kind	**115**	97	**5**	5
	6,494	5,250	**339**	268
Non-Executive Directors:				
Fees	**2,002**	2,029	**1,162#**	1,189#
Other emoluments	**809**	869	**410**	449
	2,811	2,898	**1,572**	1,638
Estimated monetary value of benefits-in-kind	**7**	3	**-**	-
	2,818	2,901	**1,572**	1,638
Other key management personnel*				
Short term employee benefits	**20,630**	14,197	**-**	-

Notes to the Financial Statements

22. Expenses by nature (continued)

22.2 Key management personnel compensation (continued)

* Other key management personnel are defined as those persons other than the Directors of the Group and of the Company having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

[#] Inclusive of fees for non-executive directors of subsidiaries who are members of Board Committees of the Company amounting to RM90,000 (2023: RM36,000).

The remuneration of CEOs of the Group who are also the Executive Directors of the subsidiaries, including benefits-in-kind, amounted to RM6,494,000 (2023: RM5,250,000).

The number of executive and non-executive directors whose total remuneration and other emoluments received during the year falls within the following bands is:

	Number of directors			
	Group		Company	
	2024	2023	2024	2023
Executive Directors/Chief Executive Officers:				
Below RM1,000,000	-	-	1	1
RM1,000,000 and above	2	2	-	-
Non-Executive Directors:				
RM0	-	-	-	-
Below RM100,000	-	-	5	1
RM100,001 – RM200,000	5	6	1	2
RM200,001 – RM300,000	2	2	5	5
RM300,001 – RM400,000	1	1	-	-
RM400,001 – RM500,000	1	-	-	-
RM500,001 – RM600,000	1	2	-	-
RM600,001 – RM700,000	-	-	-	-
RM700,001 – RM800,000	-	-	-	-

22.3 Chief Executive Officers remuneration

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries and other emoluments	3,520	2,746	168	140
Bonus	2,161	1,800	130	92
Contributions to Employees' Provident Fund	698	607	36	31
Estimated monetary value of benefits-in-kind	115	97	5	5
	6,494	5,250	339	268
Amount included in employee benefits expenses	6,379	5,153	334	263

22. Expenses by nature (continued)

22.4 The total remuneration (including benefits-in kind) of the Directors are as follows:

2024	Group				Company			
	Fees RM'000	Other emoluments RM'000	Benefits -in-kind RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Benefits -in-kind RM'000	Total RM'000
Executive Directors								
Wang Wee Keong	-	-	-	-	-	-	-	-
Ong Eng Chow	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Non-Executive Directors								
Zakri Bin Mohd Khir	120	165	-	285	120	165	-	285
Peter Ho Kok Wai	324	63	-	387	204	48	-	252
Goh Ching Yin	312	210	-	522	192	48	-	240
Gerard Lim Kim Meng	192	48	-	240	192	48	-	240
Tan Sri Datuk Zainun Binti Ali	120	18	-	138	120	18	-	138
Anusha A/P Thavarajah	-	-	-	-	-	-	-	-
Dr. Muhammed Bin Abdul Khalid	282	201	7	490	162	39	-	201
Wong Kok Leong	63	9	-	72	63	9	-	72
Fa'izah Binti Mohamed Amin	19	3	-	22	19	3	-	22
Lim Tuang Ooi	156	29	-	185	36	14	-	50
Wee Lay Hua	156	27	-	183	36	12	-	48
Lim Fen Nee	138	21	-	159	18	6	-	24
Non-Executive Directors of the Subsidiaries								
Foo Chee It	120	15	-	135	-	-	-	-
	2,002	809	7	2,818	1,162	410	-	1,572

22. Expenses by nature (continued)

22.4 The total remuneration (including benefits-in kind) of the Directors are as follows (continued):

2023	Group Fees RM'000	Group Other emoluments RM'000	Group Benefits -in-kind RM'000	Group Total RM'000	Company Fees RM'000	Company Other emoluments RM'000	Company Benefits -in-kind RM'000	Company Total RM'000
Executive Directors								
Wang Wee Keong	-	-	-	-	-	-	-	-
Joseph Kumar Gross	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Non-Executive Directors								
Zakri Bin Mohd Khir	120	169	-	289	120	169	-	289
Peter Ho Kok Wai	324	72	-	396	204	54	-	258
Goh Ching Yin	348	231	-	579	228	66	-	294
Gerard Lim Kim Meng	170	39	-	209	170	39	-	209
Tan Sri Datuk Zainun Binti Ali	120	21	-	141	120	21	-	141
Anusha A/P Thavarajah	-	-	-	-	-	-	-	-
Dr. Muhammed Bin Abdul Khalid	300	213	3	516	180	48	-	228
Tunku Zain-'Abidin Ibni Tunku Muhriz	131	38	-	169	131	38	-	169
Lim Tuang Ooi	156	32	-	188	36	14	-	50
Non-Executive Directors of the Subsidiaries								
Lim Fen Nee	120	18	-	138	-	-	-	-
Wee Lay Hua	120	18	-	138	-	-	-	-
Foo Chee It	120	18	-	138	-	-	-	-
	2,029	869	3	2,901	1,189	449	-	1,638

Notes to the Financial Statements

23. Tax expense

23.1 Recognised in profit or loss

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense				
Current year	193,393	181,249	582	613
Under/(Over) provision in prior years	766	(2,042)	1	1
	194,159	179,207	583	614
Deferred tax expense/(income)				
Origination and reversal of temporary differences	37,750	48,817	462	(2)
Under/(Over) provision in prior years	2,719	(2,043)	67	(3)
	40,469	46,774	529	(5)
Total tax expense	234,628	225,981	1,112	609

23.2 Deferred tax recognised directly in other comprehensive income

	Note	2024 RM'000	2023 RM'000
Group			
FVOCI reserves			
At 1 January		(13,406)	15,352
Net losses arising from change in fair value during the year	13.2	(13,074)	(28,758)
At 31 December		(26,480)	(13,406)
Insurance finance reserves			
At 1 January		12,244	(2,463)
Net gains arising from change in fair value during the year	13.2	8,356	14,707
At 31 December		20,600	12,244
Other reserves			
At 1 January		(4,837)	(4,443)
Net losses arising from change in fair value during the year	13.2	-	(394)
At 31 December		(4,837)	(4,837)
Company			
FVOCI reserves			
At 1 January		1	1
Net gains arising from change in fair value during the year	13.2	1,200	-
At 31 December		1,201	1

Notes to the Financial Statements

23. Tax expense (continued)

23.3 Reconciliation of tax expense

	2024 RM'000	2023 RM'000
Group		
Profit before tax	**1,005,364**	956,889
Tax at Malaysian tax rate of 24% (2023: 24%)	**235,260**	226,178
Tax rate differential of 16% (2023: 16%) in respect of life fund	**8,985**	13,715
Income not subject to tax	**(180,065)**	(173,240)
Section 110B tax and deferred tax credit set off	**(23,458)**	(16,172)
Non-deductible expenses	**190,421**	179,585
	231,143	230,066
Under/(Over) provision in prior years	**3,485**	(4,085)
Total tax expense	**234,628**	225,981
Company		
Profit before tax	**55,483**	445,568
Tax at Malaysian tax rate of 24% (2023: 24%)	**13,316**	106,936
Income not subject to tax	**(13,959)**	(109,517)
Non-deductible expenses	**1,687**	3,192
	1,044	611
Under/(Over) provision in prior years	**68**	(2)
Total tax expense	**1,112**	609

The income of the general business and life business shareholders' fund is taxed at 24% (2023: 24%). The income tax provided in the life fund for the current and previous financial years is in respect of investment income which is taxed at a reduced tax rate of 8% (2023: 8%) applicable for life insurance business and 24% (2023: 24%) on income other than investment income which is taxed under Section 60(8) of the Income Tax Act, 1967 ("Act").

23.4 Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model rules

As a fully consolidated affiliated entity of the Allianz SE multinational group, the Group is within the scope of the OECD Pillar Two Model rules. Under these rules, a top-up-tax has to be paid per jurisdiction for the difference between the Global Anti-Base Erosion ("GloBE") effective tax rate and the 15 per cent minimum rate. Pillar Two legislation has not yet been implemented locally in Malaysia, the jurisdiction in which the Group is incorporated. Since the Pillar Two legislation was not implemented in Malaysia as at the reporting date, the Group has no related local current income tax exposure. As Allianz SE is not charging any top up taxes to be paid by Allianz SE as ultimate parent entity based on the Income Inclusion Rule, no provision for intercompany charging is necessary.

Notes to the Financial Statements

24. Earnings per ordinary share

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2024 was based on the profit attributable to ordinary shareholders adjusted for preference dividends of RM53,499,000 (2023: RM202,893,000) and the weighted average number of ordinary shares in issue during the year of 178,658,000 (2023: 177,969,000).

Group	2024	2023
Profit attributable to ordinary shareholders (RM'000)	**770,736**	730,908
Adjustment:		
Preference dividends declared (RM'000)	**(53,499)**	(202,893)
Adjusted profit attributable to ordinary shareholders (RM'000)	**717,237**	528,015
Weighted average number of shares in issue ('000)	**178,658**	177,969
Basic earnings per ordinary share (sen)	**401.46**	296.69

(b) Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2024 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2024	2023
Profit attributable to equity shareholders (RM'000)	**770,736**	730,908
Weighted average number of shares in issue ('000)	**178,658**	177,969
Effect of conversion of ICPS ('000)	**166,637**	168,237
Diluted weighted average number of ordinary shares during the year ('000)	**345,295**	346,206
Diluted earnings per ordinary share (sen)	**223.21**	211.12

Notes to the Financial Statements

25. Dividends

Dividends recognised by the Company:

	Sen per share (single tier)	Total amount RM'000	Date of payment
2024			
First Interim 2024 preference dividend	**31.80**	**53,499**	**12 June 2024**
First Interim 2024 ordinary dividend	**26.50**	**47,162**	**12 June 2024**
		100,661	
2023			
First Interim 2023 preference dividend	37.80	63,594	28 June 2023
First Interim 2023 ordinary dividend	31.50	56,060	28 June 2023
		119,654	
Second Interim 2023 preference dividend	82.80	139,299	8 February 2024
Second Interim 2023 ordinary dividend	69.00	122,799	8 February 2024
		262,098	
		381,752	

26. Operating leases

Leases as lessor

The future undiscounted lease payments to be received are as follows:

	2024 RM'000	2023 RM'000
Less than one year	**201**	176
Between 1 and 2 years	**159**	149
Between 2 and 3 years	**54**	30
	414	355

27. Capital commitments

Group	2024 RM'000	2023 RM'000
Property, plant and equipment		
Contracted but not provided for	**552**	3,550
Software development		
Contracted but not provided for	**5,220**	2,248

28. Operating segments

Segment information is presented in respect of the Group's business segments. Each business segment is managed separately based on the Group's management and internal reporting structure.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment capital expenditure

Segmental capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

28.1 Business segments

The Group comprises the following main business segments:

Investment holding	Investment holding
General insurance	Underwriting of all classes of general insurance business
Life insurance	Underwriting of all classes of life insurance and investment-linked business

Notes to the Financial Statements

28. Operating segments (continued)

28.2 Geographical segments

The Group operates predominantly in Malaysia and, accordingly, the Directors are of the opinion that the financial information by geographical segments of the Group's operations is not necessary to be presented.

Business segments	Investment holding RM'000	General insurance RM'000	Life insurance RM'000	Consolidated RM'000
2024				
Segment insurance revenue	-	3,219,010	2,432,478	5,651,488
Segment interest revenue	15,170	233,544	585,834	834,548
Segment results	(14,531)	537,861	482,034	1,005,364
Profit before tax				1,005,364
Tax expense				(234,628)
Profit for the year				770,736
Segment assets	225,530	8,229,430	20,033,445	28,488,405
Segment liabilities	36,965	5,163,332	17,460,000	22,660,297
Capital expenditure	361	26,352	16,948	43,661
Depreciation of property, plant and equipment	316	9,317	5,092	14,725
Amortisation of intangible assets	-	18,462	11,591	30,053
Reversal of impairment loss on receivables	-	-	(206)	(206)
2023				
Segment insurance revenue	-	2,772,793	2,168,848	4,941,641
Segment interest revenue	13,533	202,076	549,110	764,719
Segment results	(10,450)	556,172	411,167	956,889
Profit before tax				956,889
Tax expense				(225,981)
Profit for the year				730,908
Segment assets	740,186	7,183,853	17,997,909	25,921,948
Segment liabilities	173,372	4,464,610	16,143,346	20,781,328
Capital expenditure	117	38,595	15,426	54,138
Depreciation of property, plant and equipment	320	10,107	5,774	16,201
Amortisation of intangible assets	-	16,686	11,406	28,092
Allowance of impairment loss on receivables	-	-	46	46

29. Related parties

29.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related Parties	Relationship
Allianz SE, Munich ("Allianz SE")	Ultimate holding company
Allianz Europe B.V.	Penultimate holding company
Allianz Asia Holding Pte. Ltd.	Immediate holding company
Allianz Life Insurance Malaysia Berhad	Subsidiary of the Company
Allianz General Insurance Company (Malaysia) Berhad	Subsidiary of the Company
Allianz SE Insurance Management Asia Pacific	Related company of AMB
Allianz Technology SE	Related company of AMB
Allianz Technology (Thailand) Corporation Limited	Related company of AMB
Allianz Technology Sdn Bhd	Related company of AMB
Allianz Investment Management SE	Related company of AMB
Allianz Investment Management Singapore Pte Ltd	Related company of AMB
Allianz Beratungs-Und Vertriebs-AG	Related company of AMB
Allianz China General Insurance Company Ltd	Related company of AMB
Allianz C.P General Insurance Co. Ltd	Related company of AMB
Allianz Digital Health GMBH	Related company of AMB
Allianz General Laos	Related company of AMB
Allianz Global Benefits GmbH	Related company of AMB
Allianz Global Corporate & Specialty SE Singapore Branch	Related company of AMB
Allianz Global Corporate & Specialty SE Hong Kong Branch	Related company of AMB
Allianz Global Corporate & Specialty SE	Related company of AMB
Allianz Global Investors Singapore Limited	Related company of AMB
Allianz Global Investors Asia Pacific Limited	Related company of AMB
Allianz Global Risks Nederland	Related company of AMB
Allianz Jingdong General Insurance Co Ltd	Related company of AMB
Allianz Insurance New Zealand	Related company of AMB
Allianz Insurance Company of Singapore Pte Ltd	Related company of AMB
Allianz Risk Consulting LLC	Related company of AMB
Allianz PNP Life Insurance	Related company of AMB
Allianz SE Life Reinsurance Branch Labuan	Related company of AMB
Allianz SE General Reinsurance Branch Labuan	Related company of AMB
Allianz SE General Reinsurance	Related company of AMB
Allianz SE Reinsurance Branch Asia Pacific	Related company of AMB
AWP Services Sdn Bhd	Related company of AMB
Euler Hermes Singapore Services Pte Ltd	Related company of AMB
Euler Hermes Deutschland AG, Singapore branch	Related company of AMB

Notes to the Financial Statements

29. Related parties (continued)

29.1 Identity of related parties (continued)

Related Parties	Relationship
IDS GmBH	Related company of AMB
PT Asuransi Allianz Life Indonesia	Related company of AMB
PT Asuransi Allianz Utama Indonesia Ltd	Related company of AMB
Pacific Investment Management Company	Related company of AMB
Rapidpro Consulting Sdn Bhd	Company connected to the Director of the Company

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and the Company, and certain members of Senior Management Committee of the Group and the Company. There were no significant transactions with the Group and the Company during the financial year other than key management personnel compensation as disclosed in Note 22.2.

29.2 The significant transactions with related parties are as follows:

Group	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Trade		
Ultimate holding company		
Reinsurance premium ceded, net of commission income	**(73,009)**	(9,625)
Reinsurance claims recovery	**(36,002)**	30,612
Related companies*		
Reinsurance premium ceded, net of commission income	**(237,888)**	(307,428)
Reinsurance claims recovery	**8,841**	11,304
Non-trade		
Ultimate holding company		
Personnel expenses	**(2,515)**	(1,922)
Global marketing expenses	**(6,216)**	(4,885)
(Expenses)/Reimbursement of expenses made on behalf	**(1,541)**	1,610
Software license fees	**(42)**	(43)
Training and other fees	**(167)**	-
Fees for Human Resource Transformation ("HRT") run services	**(1,110)**	(724)
Fees for sharing of Global procurement (excluding Information Technology ("IT")) services and support	**(111)**	-
Employee Share Purchase Plan	**(2,431)**	(1,784)
Business building and regional investment costs	**(9,075)**	(10,386)
Fee received for the provision of regional audit services	**-**	356

Notes to the Financial Statements

29. Related parties (continued)

29.2 The significant transactions with related parties are as follows (continued):

Group	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Non-trade (continued)		
Ultimate holding company (continued)		
Global technical support fees	**(9,020)**	(3,416)
Employee Share Participation Programs related admin costs	**-**	(33)
Global mobility service fees	**(312)**	(177)
Fees for implementation of Azeus Convene Meeting Management Software	**(39)**	(39)
GHR IT Licenses & Maintenance expenses	**(14)**	(14)
Usage of finance application & workplace devices expenses by COC	**(177)**	(156)
Sharing of cost of the implementation of SAP Success Factors system and its share of Global Centre of Expertise cost under the HRT solution	**(296)**	(295)
Sharing of cost to support Group Data Analytics	**(121)**	(137)
Support the development and improvement of Technical Excellence expenses	**(234)**	(191)
Group charges on Compliance Advanced Research Application (CARA)	**(25)**	(24)
Legal advisory fees	**-**	(17)
Sharing of common expenses	**(133)**	-
Reversal of training-related expenses	**47**	-
Related companies*		
Service fees	**(606)**	(690)
Reimbursement of other expenses	**1,523**	1,474
Investment and redemption of funds (including fund management fees)	**(114,164)**	(53,471)
Investment advisory fees	**(2,820)**	(4,150)
Performance attribution analysis expenses	**(10)**	(136)
Sharing of common expenses	**(373)**	(249)
Sharing of asset and investment manager database expenses	**(352)**	(230)
Reimbursement of life actuarial modeling services	**2,397**	1,734
Reimbursement for SAP Master Data Management support services and ARIBA	**587**	589
Annual maintenance and support fee for software system	**(3,281)**	(3,461)
IT security services	**-**	(80)
Allianz Virtual Client, Windows Distributor File System and Data Center Consolidation expenses	**(1,180)**	(2,453)
Software license fees	**(16,080)**	(15,575)
Sharing of expenses of HR Database Platform & e-Recruitment solution	**(228)**	(194)
Global mobility service fees	**(1,428)**	(55)
Fee to develop a suite of digital health tools	**(1,123)**	(1,075)

Notes to the Financial Statements

29. Related parties (continued)

29.2 The significant transactions with related parties are as follows (continued):

Group	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Non-trade (continued)		
Related companies* (continued)		
Various software licenses expenses	**(139)**	-
Reimbursement for service fee	**-**	1,498
Fees for the implementation of a software intelligence platform	**(699)**	(551)
Fees for usage of Google Analytics	**(504)**	(425)
Fees for the purchase of ServiceNow implementation services	**(462)**	(357)
Fees by for the usage of Public Cloud Service	**(556)**	-
Hybrid Cloud Services expenses	**-**	(692)
Allianz Virtual Client for shared remote app and license pack base	**(602)**	(76)
(Payment)/Reversal of personnel cost	**(7)**	9
Jira Master Platform user license subscription fee	**(301)**	(1,650)
Implementation services for Local Identity and Access Management expenses	**(517)**	(41)
Engagement with Allianz Technology SE ("AZT") for the purchase of Modern Authentication ("MFA") Solution user license for AVC connection	**(1)**	-
AZT Malaysia IT Services	**(14,753)**	(3,474)
Information and technology services	**(12,503)**	(5,079)
Actuarial modeling services	**(854)**	-
Rental/lease income of HQ Office at Menara Allianz Sentral	**884**	-
Fees for the maintenance of the Solely Payment of Principal and Interest and Impairment engine	**(48)**	-
Agile training services	**(1)**	-
Microsoft 365 Group Tenant Project cost	**(90)**	-
Fees for providing master and market data for required investments	**(103)**	-
Implementation of Celonis expenses	**(32)**	-
Related party – Company connected to the Director of the Company		
Training and other fees	**(530)**	(747)

* Related companies are companies within the Allianz SE group.

Related party transactions have been entered into in the normal course of business under normal trade terms.

Significant related party balances related to the above transactions are disclosed in Notes 10 and 17. Included in Notes 9 and 15, the outstanding balances due to related party reinsurers amounting to RM4,819,000 (2023: RM62,680,000).

29. Related parties (continued)

29.2 The significant transactions with related parties are as follows (continued):

Company	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Non-trade		
Ultimate holding company		
Fee received for the provision of regional audit services	-	356
Subsidiaries		
Dividend income	60,288	456,203
Reimbursement of other expenses	321	522
Reimbursement of expenses related to common resources	30,694	28,722
Rental of other premises	(757)	(696)
Reimbursement of life actuarial modeling services	490	314
Reimbursement for SAP Master Data Management support services	33	35
Transfer of property, plant and equipment	268	-
Related companies*		
Reimbursement of life actuarial modeling services	2,397	1,734
Reimbursement for SAP Master Data Management support services and ARIBA	587	589
Reimbursement for service fee	-	1,498

* Related companies are companies within the Allianz SE group.

Related party transactions have been entered into in the normal course of business under normal trade terms.

Significant related party balances related to the above transactions are disclosed in Notes 10 and 17.

30. Risk management framework

As a provider of insurance services, the Group considers risk management to be one of its core competencies. It is an integral part of the Group's business process. In order to protect the assets of the Group, the Group has established a risk management framework to promote a strong risk management culture supported by a robust risk governance structure.

This framework ensures that risks are properly identified, analysed and evaluated. Risk appetite is defined by a risk strategy and limit structure. Close monitoring and reporting allow the Group to detect deviations from its risk tolerance limits at an early stage.

Notes to the Financial Statements

30. Risk management framework (continued)

The Allianz risk management practice consists of the following key areas:

(a) Risk underwriting and identification

A sound risk underwriting and identification framework including risk assessment, risk standards, and clear targets form the foundation for adequate risk taking and management decisions such as individual transaction approval, new product approval, strategic or tactical asset allocation.

(b) Risk reporting and monitoring

The Group's qualitative and quantitative risk reporting and controlling framework provides transparency and risk indicators to senior management with regards to its overall risk profile and whether the profile is within delegated limits and authorities.

(c) Risk strategy and risk appetite

The Group's risk strategy clearly defines its risk appetite. It ensures that returns are appropriate for the risks taken and that the delegated authorities are in line with the Group's overall risk bearing capacity. The risk-return profile is managed through integration of risk appetite and capital needs in decision making process. This also keeps risk strategy and business objectives consistent with each other and allows the Group to take opportunities within its risk appetite.

(d) Communication and transparency

Finally, a transparent and robust risk disclosure provides a basis for communicating this strategy to the Group's internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing.

Risk governance structure

The Board of Directors of the Company ("the Board") assumes the ultimate responsibility over the effectiveness of the Group's risk management and internal control systems by establishing and supervising the operation of the risk management framework. The Board has delegated the responsibility to establish and supervise the operation of the risk management framework to the Risk Management Committee ("RMC") to discharge its oversight function effectively.

RMC bears the overall responsibility for effective risk identification, measurement, monitoring and control functions of the Group. RMC also oversees the Senior Management's activities in managing the key risk areas of the Group and to ensure that the risk management process is in place and functioning effectively. The RMC is responsible for driving the risk management framework of the Group and to report to the Board on its recommendations and/or decisions. Through structured reporting from the Risk Management Working Committee ("RMWC"), RMC will consolidate the status of the risks and present them to the Board for consideration.

RMWC serves as and provides a platform for two way communications between the management and the RMC on matters of the Group's risk management framework and its strategies. RMWC is responsible in formulating risk management strategies, policies and risk tolerance for RMC review and onward transmission of recommendation to the Board. RMWC determines the allocation of risks by cascading and/or escalating to the relevant owners. RMWC also oversees the compliance of all risk management process by all departments of the Group and provides pre-emptive recommendations to ensure timely action is taken in managing and mitigating the identified risks.

Risk Governance in Asset and Liability Management ("ALM")

The Investment Committee ("IC") has been tasked to manage business practices so that decisions and actions taken with respect to assets and liabilities are coordinated. It involves various management activities and responsibilities, including the formulation of long-term strategic goals and the management of various risks including liquidity risk, interest rate risk and market risk.

30. Risk management framework (continued)

Risk Governance in Asset and Liability Management ("ALM") (continued)

The ALM process is subjected to external and internal constraints.

- External constraints include supervisory and legislative requirements, market condition, as well as the interests and expectations of policyholders and other stakeholders. For instance, one of the major constraints is the liquidity of the assets and liabilities which may compromise the ability to price, measure and hedge exposures.

- Internal constraints such as asset allocation and environmental, social and governance ("ESG") integration framework, which limits reflect the Group's management philosophy or professional judgement (although this may also be influenced by external constraints).

Governance and regulatory framework

The Group is required to comply with the requirements of the FSA, relevant regulations and guidelines imposed by BNM, including relevant guidelines from Life Insurance Association Malaysia ("LIAM"), Persatuan Insurans Am Malaysia ("PIAM") and Bursa Securities Malaysia Berhad.

The Group is also required to comply with all Allianz SE Group's policies and standards. If there is any conflict with the local laws or regulations, the local laws or regulations have priority while the stricter will apply where possible.

31. Underwriting risk

31.1 Life insurance contracts

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

(a) Insurance risk

The risk transferred from the policyholder to ALIM, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

(b) Policyholder behaviour risk

The risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits a contract earlier or later than expected.

(c) Expense risk

The risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

Management of underwriting risk

The board of directors sets ALIM's strategy for accepting and managing underwriting risk. The board continuously reviews its underwriting strategy in light of evolving market pricing and loss conditions and as opportunities present themselves.

Notes to the Financial Statements

31. Underwriting risk (continued)

31.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(i) Life insurance contract

Mortality and morbidity risks are mitigated by the use of reinsurance. ALIM allows local management to select reinsurers from a list of reinsurers approved by ALIM. The aggregation of risk ceded to individual reinsurers is monitored at both country and company levels.

Policyholder behaviour risk is considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition cash flows. Persistency is monitored at local entity level and experience is benchmarked against local market information. From time to time, local management may implement specific initiatives to improve retention.

Expense risk is managed at local entity level through the annual budgeting process and regular expense analyses.

(ii) Key assumptions

Significant judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions are determined at the date of valuation. They are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

Experience study on mortality and morbidity rates is carried out on an annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' mortality and morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

ALIM can adjust the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

Expenses

Expense assumption was set during initial pricing stage. Expense assumption is reviewed annually to reflect inflation due to higher cost of underwriting, issuing and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration and underwriting procedures. The expense assumption is compared to actual expense that ALIM incurred.

Persistency

Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on an annual basis using statistical method. Persistency assumptions vary by product type, distribution channel and policy duration.

31. Underwriting risk (continued)

31.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(ii) Key assumptions (continued)

Discount rate

ALIM pursues a bottom-up approach in the determination of the discount rates, where all cash flows are discounted using the risk-free rates adjusted for an illiquidity premium. The risk-free rates are constructed from observed spot rates of the local government bonds up to 20 years, with adjustment to remove the credit risk of the government bonds. Thereafter, the risk-free rates are extrapolated towards the ultimate forward rate using the Smith-Wilson method.

ALIM determines the illiquidity adjustment based on the spread of reference portfolio, corrected for expected and unexpected credit loss and application ratio to reflect the difference in illiquidity characteristics of the insurance contract liabilities and the chosen reference portfolio.

ALIM applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined on initial recognition.

The assumptions that have significant effects on the gross insurance and reinsurance liabilities are listed below.

	Mortality and morbidity rates[1]		Lapse and surrender rates		Discount rate[2]	
Group	**2024 %**	**2023 %**	**2024 %**	**2023 %**	**2024 %**	**2023 %**
Type of business						
With fixed and guaranteed terms and with DPF contracts						
Life insurance	**70-100**	70-100	**3-20**	3-12	**3.00-5.00**	3.00-5.00
Without DPF contracts						
Life insurance	**50-120**	50-130	**3-70**	3-65	**3.00-5.00**	3.00-5.00

(1) Industry mortality and morbidity experience tables that were observed in Malaysia between year 2011 and 2015 or the respective reinsurance risk rates.

(2) The Group applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined on initial recognition.

31. Underwriting risk (continued)

31.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(iii) Sensitivity analysis

The table below analyses how the PVFCF, CSM, profit or loss and equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

Group	Change in assumptions	Impact on liabilities		PVFCF		CSM		Profit or loss		Equity	
		Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
Life insurance contracts											
31 December 2024											
Mortality rates	+15%	28,522	5,815	222,889	105,048	(200,490)	(105,117)	(28,403)	(14,717)	(14,914)	(4,419)
Morbidity rates	+5%	42,999	39,062	312,151	290,770	(273,890)	(256,185)	(42,910)	(40,341)	(31,705)	(29,688)
Discount rate	-0.5%	315,457	315,572	253,402	254,736	41,526	41,526	(5,223)	(1,542)	13,370	28,835
Expenses	+10%	14,912	14,845	116,841	116,841	(104,379)	(104,301)	(14,874)	(14,815)	(11,358)	(11,284)
Lapse and surrender rates	+10%	6,305	4,738	221,614	207,234	(178,164)	(167,426)	(6,562)	(5,772)	(4,004)	(3,601)
31 December 2023											
Mortality rates	+15%	26,675	6,961	207,875	97,981	(186,290)	(95,901)	(26,618)	(14,396)	(14,623)	(5,291)
Morbidity rates	+5%	40,254	36,621	296,205	275,689	(260,866)	(243,700)	(40,197)	(37,787)	(29,707)	(27,833)
Discount rate	-0.5%	327,777	327,657	274,978	275,895	35,789	35,789	(4,750)	(1,368)	13,194	28,717
Expenses	+10%	13,783	13,759	106,655	106,655	(95,275)	(95,150)	(13,762)	(13,746)	(10,487)	(10,456)
Lapse and surrender rates	+10%	5,813	4,455	204,154	190,601	(164,821)	(154,541)	(5,836)	(5,156)	(3,886)	(3,387)

The method used and key assumptions made for deriving sensitivity information did not change from the previous year.

31. Underwriting risk (continued)

31.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(iii) Sensitivity analysis (continued)

Changes in underwriting risk variables mainly affect the PVFCF and CSM, profit or loss and equity as follows:

PVFCF	Changes in PVFCF.
CSM	Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.
Profit or Loss	Changes in fulfilment cash flows relating to loss components. Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
Equity	Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI. The effect on profit or loss under profit or loss.

The insurance risk of life insurance contracts consists of mortality and morbidity. Mortality and morbidity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as underestimation of these probabilities.

The table below shows the concentration of insurance and reinsurance liabilities by type of contract (with and without DPF).

	Gross			Reinsurance			
Group	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
31 December 2024	**3,636,286**	**12,740,497**	**16,376,783**	**(10,318)**	**142,499**	**132,181**	**16,508,964**
31 December 2023	3,685,535	11,357,785	15,043,320	(8,902)	78,679	69,777	15,113,097

As all of the business is derived from Malaysia, the entire insurance contract liabilities are in Malaysia. There is no investment contract issued by ALIM during the current and previous financial years.

Notes to the Financial Statements

31. Underwriting risk (continued)

31.2 General insurance contracts

The board of directors sets AGIC's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared and reviewed by AGIC's chief underwriting officer. The board continuously reviews its underwriting strategy in light of evolving market pricing and loss conditions and as opportunities present themselves.

Underwriting risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

AGIC seeks to minimise underwriting risks through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised underwriting guidelines, limits and standards.

The insurance risk of LRC and LIC consists of premium and reserve risks. Premium risk represents the risk of loss because of an unexpected high loss volume resulting in an insufficient coverage of premiums. Reserve risks represent the risk of loss resulting from deviations between payments for incurred losses that have not yet been settled and the reserves set up to cover these payments, or the use of an insufficient basis for the calculation of reserves.

The table below sets out the concentration of the general insurance risk based on the LIC (before impairment of wwreinsurance contract held) as at the end of the reporting period. The portfolios are aggregated for internal monitoring purposes as below:

	2024			2023		
Group	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Fire	**397,294**	**(155,658)**	**241,636**	378,507	(119,946)	258,561
Motor	**2,086,422**	**(82,432)**	**2,003,990**	1,790,567	(85,730)	1,704,837
Others	**782,327**	**(307,047)**	**475,280**	776,107	(339,294)	436,813
Total	**3,266,043**	**(545,137)**	**2,720,906**	2,945,181	(544,970)	2,400,211

Key assumptions

The principal assumption underlying the liability estimates is that the subsidiary's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Sensitivities

Analysis of sensitivity around various scenarios provides an indication of the adequacy of the subsidiary's estimation process in respect of its insurance contracts. The table presented below demonstrates the sensitivity of the insurance contract liabilities estimates to particular movements in assumptions used in the estimation process.

31. Underwriting risk (continued)

31.2 General insurance contracts (continued)

Sensitivities (continued)

The analysis below is performed for reasonable possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities for incurred claims, profit after tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Group	Change in assumptions	Impact on insurance contract liabilities RM'000	Impact on profit after tax RM'000	Impact on equity after tax RM'000
31 December 2024				
Average claim cost	**+10%**	**337,222**	**(213,484)**	**(213,532)**
Average number of claims	**+10%**	**437,230**	**(305,000)**	**(305,111)**
Average claim cost	**-10%**	**(337,222)**	**213,484**	**213,532**
Average number of claims	**-10%**	**(437,230)**	**305,000**	**305,111**
31 December 2023				
Average claim cost	+10%	303,683	(192,501)	(193,023)
Average number of claims	+10%	332,426	(232,427)	(231,890)
Average claim cost	-10%	(303,683)	192,501	193,023
Average number of claims	-10%	(332,426)	232,427	231,890

The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the subsidiary believes that the estimate of total claims outstanding as of 31 December 2024 is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

31. **Underwriting risk (continued)**

31.2 General insurance contracts (continued)

Claims development table **(continued)**

Gross liabilities for incurred claims as at 31 December 2024:

Group Accident year	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	1,717,578	1,773,004	2,143,840	
One year later	1,406,527	1,380,596	1,453,938	1,283,734	1,571,530	1,601,371	1,678,040	-	
Two years later	1,362,861	1,372,723	1,407,591	1,243,949	1,515,767	1,555,267	-	-	
Three years later	1,336,934	1,347,544	1,390,544	1,221,463	1,482,360	-	-	-	
Four years later	1,324,758	1,322,821	1,367,014	1,186,759	-	-	-	-	
Five years later	1,312,706	1,314,965	1,352,895	-	-	-	-	-	
Six years later	1,283,180	1,280,067	-	-	-	-	-	-	
Seven years later	1,264,242	-	-	-	-	-	-	-	
Cumulative gross claims paid (Direct & Fac)	(1,237,979)	(1,191,473)	(1,164,609)	(1,023,087)	(1,168,474)	(1,157,391)	(1,051,849)	(821,282)	(8,816,144)
Gross claims liabilities (Direct & Fac) – accident years from 2017 to 2024	26,263	88,594	188,286	163,672	313,886	397,876	626,191	1,322,558	3,127,326
Gross claims liabilities (Direct & Fac) – prior accident years									31,855
Gross claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)									14,816
Claims handling expenses									30,329
Effect of discounting									(165,238)
Effect of the risk adjustment for non-financial risk									226,955
Gross LIC for contracts originated									3,266,043

31. Underwriting risk (continued)

31.2 General insurance contracts (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2023:

Group Accident year	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	1,717,578	1,773,004	
One year later	1,368,219	1,406,527	1,380,596	1,453,938	1,283,734	1,571,530	1,601,371	-	
Two years later	1,352,452	1,362,861	1,372,723	1,407,591	1,243,949	1,515,767	-	-	
Three years later	1,325,371	1,336,934	1,347,544	1,390,544	1,221,463	-	-	-	
Four years later	1,254,542	1,324,758	1,322,821	1,367,014	-	-	-	-	
Five years later	1,244,392	1,312,706	1,314,965	-	-	-	-	-	
Six years later	1,206,793	1,283,180	-	-	-	-	-	-	
Seven years later	1,190,311	-	-	-	-	-	-	-	
Cumulative gross claims paid (Direct & Fac)	(1,176,323)	(1,232,434)	(1,169,745)	(1,132,249)	(987,820)	(1,082,813)	(971,541)	(720,991)	(8,473,916)
Gross claims liabilities (Direct & Fac) – accident years from 2016 to 2023	13,988	50,746	145,220	234,765	233,643	432,954	629,830	1,052,013	2,793,159
Gross claims liabilities (Direct & Fac) – prior accident years									37,484
Gross claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)									19,078
Claims handling expenses									28,742
Effect of discounting									(139,272)
Effect of the risk adjustment for non-financial risk									205,990
Gross LIC for contracts originated									2,945,181

31. Underwriting risk (continued)

31.2 General insurance contracts (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2024:

Group Accident year	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	1,606,710	1,668,776	1,966,435	
One year later	1,228,773	1,250,031	1,262,739	1,163,249	1,427,263	1,469,686	1,593,975	-	
Two years later	1,198,917	1,224,761	1,244,906	1,140,917	1,176,668	1,429,641	-	-	
Three years later	1,173,951	1,208,500	1,237,143	1,126,967	1,146,619	-	-	-	
Four years later	1,167,124	1,196,597	1,214,741	1,096,113	-	-	-	-	
Five years later	1,147,704	1,190,577	1,202,982	-	-	-	-	-	
Six years later	1,121,989	1,159,627	-	-	-	-	-	-	
Seven years later	1,104,030	-	-	-	-	-	-	-	
Cumulative net claims paid (Direct & Fac)	(1,085,090)	(1,105,457)	(1,089,466)	(960,614)	(941,663)	(1,073,592)	(1,007,519)	(789,644)	(8,053,045)
Net claims liabilities (Direct & Fac) – accident years from 2017 to 2024	18,940	54,170	113,516	135,499	204,956	356,049	586,456	1,176,791	2,646,377
Net claims liabilities (Direct & Fac) – prior accident years									16,648
Net claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									13,011
Claims handling expenses									30,329
Effect of discounting									(139,930)
Effect of the risk adjustment for non-financial risk									153,782
Effect of non-performance risk of reinsurers									689
Net LIC for contracts originated									**2,720,906**

31. Underwriting risk (continued)

31.2 General insurance contracts (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2023:

Group Accident year	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	1,606,710	1,668,776	
One year later	1,123,821	1,228,773	1,250,031	1,262,739	1,163,249	1,427,263	1,469,686	-	
Two years later	1,097,165	1,198,917	1,224,761	1,244,906	1,140,917	1,176,668	-	-	
Three years later	1,075,612	1,173,951	1,208,500	1,237,143	1,126,967	-	-	-	
Four years later	1,069,385	1,167,124	1,196,597	1,214,741	-	-	-	-	
Five years later	1,058,880	1,147,704	1,190,577	-	-	-	-	-	
Six years later	1,029,928	1,121,989	-	-	-	-	-	-	
Seven years later	1,025,447	-	-	-	-	-	-	-	
Cumulative net claims paid (Direct & Fac)	(1,014,609)	(1,080,536)	(1,089,712)	(1,061,873)	(930,070)	(875,278)	(932,405)	(693,012)	(7,677,495)
Net claims liabilities (Direct & Fac) – accident years from 2016 to 2023	10,838	41,453	100,865	152,868	196,897	301,390	537,281	975,764	2,317,356
Net claims liabilities (Direct & Fac) – prior accident years									17,364
Net claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									17,128
Claims handling expenses									28,742
Effect of discounting									(116,963)
Effect of the risk adjustment for non-financial risk									135,936
Effect of non-performance risk of reinsurers									648
Net LIC for contracts originated									2,400,211

Notes to the Financial Statements

32. Financial risks

Exposure to credit, liquidity, market (currency risk, interest rate risk, equity price risk) and operational risk arises in the normal course of the Group's and the Company's business. The Group and the Company are guided by its risk management framework as well as policies and guidelines from the ultimate holding company, Allianz SE which set out its general risk management philosophy. Through financial risk management, business strategies are evaluated to ensure alignment with the Company's risk appetite and tolerance.

32.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a counterparty to a financial instrument fails to meet its contractual obligations or due to the non-performance of instruments (i.e., payment overdue). The Group's exposure to credit risk arises principally from the reinsurance, receivables and the investment/placement in fixed income instruments and bank balances. Financial loss may materialise when the counterparties failed to meet payment obligations for various reasons.

The Group has credit policies in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an on-going basis. Reinsurance is mainly to local insurers or offshore reinsurers, and if the Group has to place overseas, only counterparties that have a credit rating that is acceptable based on Allianz Guidelines for Reinsurance Security are used.

The Group's Investment Mandate imposes limits by issuer/counterparty and by credit ratings for investments in corporate fixed income securities (all securities that entails credit risks, e.g., credit facilities, bank deposits of longer than 1-year, certificates of deposits, notes, etc.); and these limits are reviewed at least on annual basis. Active monitoring of the exposure against those limits are in place and reported to RMWC, RMC and IC on quarterly basis.

32. Financial risks (continued)

32.1 Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Group 2024	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Total RM'000
	Neither past-due nor impaired									
FVTPL										
Malaysian government securities	-	-	-	-	-	2,420,044	678,099	-	-	3,098,143
Malaysian government guaranteed bonds	-	-	-	-	-	979,243	40,373	-	-	1,019,616
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	3,253,494	-	3,253,494
Quoted equity securities of corporations outside Malaysia	-	-	-	-	-	-	-	17,329	-	17,329
Unquoted equity securities in Malaysia	-	-	-	-	-	-	-	10,045	-	10,045
Unquoted bonds of corporations in Malaysia	807,983	736,785	-	-	-	-	658,229	-	-	2,202,997
Quoted unit trusts in Malaysia	-	-	-	-	-	-	-	90,271	-	90,271
Unquoted unit trusts in Malaysia	-	-	-	-	-	-	-	359,098	-	359,098
Unquoted unit trusts outside Malaysia	-	-	-	-	-	-	-	467,877	-	467,877
Fixed deposits with licensed financial institutions	35,262	-	-	-	-	-	39,702	-	-	74,964

32. Financial risks (continued)

32.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued)

	Neither past-due nor impaired									
Group (continued) 2024 (continued)	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not Impaired RM'000	Total RM'000
FVTPL (continued)										
Derivatives financial assets										
Collateralised interest rate swap	12,934	-	-	-	-	-	-	-	-	12,934
Cross currency swap	150	-	-	-	-	-	-	-	-	150
FVOCI										
Malaysian government securities	-	-	-	-	-	6,307,804	-	-	-	6,307,804
Malaysian government guaranteed bonds	-	-	-	-	-	2,556,890	-	-	-	2,556,890
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	623,299	-	623,299
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	32,321	-	32,321
Unquoted bonds of corporations in Malaysia	2,164,551	1,723,341	-	-	-	87,170	-	-	-	3,975,062
Unquoted bonds of corporations outside Malaysia	-	-	8,016	53,036	-	43,192	-	-	-	104,244

32. **Financial risks (continued)**

32.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued)

	Neither past-due nor impaired									
Group (continued) 2024 (continued)	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Total RM'000
FVOCI (continued)										
Fixed deposits with licensed financial institutions	711,112	212,594	-	-	-	-	-	-	-	923,706
Other investments	-	-	-	-	-	3,795	-	-	-	3,795
Other assets	-	-	-	-	-	13,573	-	-	-	13,573
Amortised cost										
Other assets*	-	-	-	-	-	126,820	-	-	-	126,820
Cash and cash equivalents	1,075,251	945,475	5,794	-	-	76	-	-	-	2,026,596
Reinsurance contract assets	-	299,187	27,204	-	-	199,050	-	-	-	525,441
	4,807,243	3,917,382	41,014	53,036	-	12,737,657	1,416,403	4,853,734	-	27,826,469

* Excluding balance with MMIP.

32. Financial risks (continued)

32.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Company 2024	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Not subject to credit risk RM'000	Total RM'000
FVTPL								
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	10,045	10,045
FVOCI								
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	*	*
Other assets	-	-	-	-	-	774	-	774
Amortised cost								
Other assets	-	-	-	-	-	37,179	-	37,179
Cash and cash equivalents	24,084	20,095	-	-	-	-	-	44,179
	24,084	20,095	-	-	-	37,953	10,045	92,177

* Denotes RM2

32. **Financial risks (continued)**

32.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

	Neither past-due nor impaired									
Group 2023	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Total RM'000
FVTPL										
Malaysian government securities	-	-	-	-	-	2,247,329	523,546	-	-	2,770,875
Malaysian government guaranteed bonds	-	-	-	-	-	932,089	30,499	-	-	962,588
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	2,485,111	-	2,485,111
Quoted equity securities of corporations outside Malaysia	-	-	-	-	-	-	-	88,998	-	88,998
Unquoted equity securities in Malaysia		-	-	-	-	-	-	7,364	-	-
Unquoted bonds of corporations in Malaysia	804,351	677,890	-	-	-	-	613,254	-	-	2,095,495
Quoted unit trusts in Malaysia	-	-	-	-	-	-	-	90,911	-	90,911
Unquoted unit trusts in Malaysia	-	-	-	-	-	-	-	479,451	-	479,451
Unquoted unit trusts outside Malaysia	-	-	-	-	-	-	-	305,435	-	305,435
Fixed deposits with licensed financial institutions	55,227	10,223	-	-	-	-	163,938	-	-	229,388

32. Financial risks (continued)

32.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued)

	Neither past-due nor impaired									
Group (continued) 2023 (continued)	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Total RM'000
FVTPL (continued)										
Derivatives financial assets										
Collateralised interest rate swap	16,857	-	-	-	-	-	-	-	-	16,857
Cross currency swap	171	-	-	-	-	-	-	-	-	171
FVOCI										
Malaysian government securities	-	-	-	-	-	6,152,031	-	-	-	6,152,031
Malaysian government guaranteed bonds	-	-	-	-	-	2,198,532	-	-	-	2,198,532
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	644,847	-	644,847
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	7,147	-	7,147
Unquoted bonds of corporations in Malaysia	2,191,492	1,653,940	-	-	-	71,246	-	-	-	3,916,678
Unquoted bonds of corporations outside Malaysia	-	-	8,115	54,301	-	43,969	-	-	-	106,385
Commercial paper	-	-	-	-	-	4,957	-	-	-	4,957

32. Financial risks (continued)

32.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued)

	Neither past-due nor impaired									
Group (continued) 2023 (continued)	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Total RM'000
FVOCI (continued)										
Fixed deposits with licensed financial institutions	343,020	148,473	-	-	-	-	-	-	-	491,493
Other investments	-	-	-	-	-	14,772	-	-	-	14,772
Other assets	-	-	-	-	-	14,921	-	-	-	14,921
Amortised cost										
Other assets*	-	-	-	-	-	74,405	-	-	-	74,405
Cash and cash equivalents	909,117	131,861	520,474	-	-	183	-	-	-	1,561,635
Reinsurance contract assets	-	313,550	37,099	78	2	191,534	-	-	-	542,263
	4,320,235	2,935,937	565,688	54,379	2	11,945,968	1,331,237	4,109,264	-	25,262,710

* Excluding balance with MMIP.

32. Financial risks (continued)

32.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Company 2023	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Not subject to credit risk RM'000	Total RM'000
FVTPL								
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	7,364	7,364
FVOCI								
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	5,000	5,000
Fixed deposits with licensed financial institutions	4,050	2,010	-	-	-	-	-	6,060
Other assets	-	-	-	-	-	828	-	828
Amortised cost								
Other assets	-	-	-	-	-	336,426	-	336,426
Cash and cash equivalents	20,057	24,436	-	-	-	-	-	44,493
	24,107	26,446	-	-	-	337,254	12,364	400,171

32.2 Liquidity risk

Liquidity risk is the risk of loss resulting from the danger that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, along with the risk that in the case of a liquidity crisis of the Group and the Company, refinancing is only possible at higher interest rates or that assets may have to be liquidated at a discount.

Besides monitoring the liquidity position of the Group and the Company on a daily basis, the investment strategies particularly focus on the quality of investments and ensure a sufficient portion of liquid assets in the portfolio. Some other tools used by the Group include to ensure that its assets and liabilities are adequately matched and drawing down of funds to meet claim payments should the claim events exceed a certain amount as provided for in the reinsurance contracts.

32. **Financial risks (continued)**

32.2 Liquidity risk (continued)

Maturity profiles

The tables below summarise the maturity profile of the financial assets of the Group and the Company at the end of the reporting year based on remaining undiscounted contractual cash flows, including interest receivable:

Group 2024	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Malaysian government securities	9,405,947	762,594	850,460	1,030,629	1,082,604	1,242,941	7,015,843	-	11,985,071
Malaysian government guaranteed bonds	3,576,506	183,243	133,489	349,597	472,767	384,626	3,404,425	-	4,928,147
Quoted equity securities of corporations in Malaysia	3,876,793	-	-	-	-	-	-	3,872,867	3,872,867
Quoted equity securities of corporations outside Malaysia	17,329	-	-	-	-	-	-	21,255	21,255
Unquoted equity securities of corporations in Malaysia	42,366	-	-	-	-	-	-	42,366	42,366
Unquoted bonds of corporations in Malaysia	6,178,059	1,345,158	851,615	635,116	1,057,600	858,447	2,482,827	-	7,230,763
Unquoted bonds of corporations outside Malaysia	104,244	63,300	45,856	-	-	-	-	-	109,156
Quoted unit trusts in Malaysia	90,271	-	-	-	-	-	-	90,271	90,271
Unquoted unit trusts in Malaysia	359,098	-	-	-	-	-	-	359,098	359,098
Unquoted unit trusts outside Malaysia	467,877	-	-	-	-	-	-	467,877	467,877
Fixed deposits with licensed financial institutions	998,670	1,002,152	-	-	-	-	-	-	1,002,152
Other investments	3,795	323	323	323	323	323	2,180	-	3,795
Collateralised interest rate swap	12,934	-	-	6,170	6,764	-	-	-	12,934
Cross currency swap	150	150	-	-	-	-	-	-	150
Reinsurance contract assets	525,441	327,033	105,297	80,584	32,734	11,922	12,450	-	570,020
Other assets*	140,393	117,586	16,267	2,167	1,525	826	2,406	-	140,777
Cash and cash equivalents	2,026,596	2,026,598	-	-	-	-	-	-	2,026,598
	27,826,469	5,828,137	2,003,307	2,104,586	2,654,317	2,499,085	12,920,131	4,853,734	32,863,297

* Excluding balance with MMIP.

32. Financial risks (continued)

32.2 Liquidity risk (continued)

Maturity profiles (continued)

Group 2023	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Malaysian government securities	8,922,906	495,212	604,126	903,332	942,189	1,035,195	7,409,278	-	11,389,332
Malaysian government guaranteed bonds	3,161,120	214,035	108,187	148,514	342,921	433,207	3,279,529	-	4,526,393
Quoted equity securities of corporations in Malaysia	3,129,958	-	-	-	-	-	-	3,127,350	3,127,350
Quoted equity securities of corporations outside Malaysia	88,998	-	-	-	-	-	-	91,606	91,606
Unquoted equity securities of corporations in Malaysia	14,511	-	-	-	-	-	-	14,511	14,511
Unquoted bonds of corporations in Malaysia	6,012,173	1,195,477	891,622	1,033,126	659,218	786,839	2,537,363	-	7,103,645
Unquoted bonds of corporations outside Malaysia	106,385	8,447	58,938	48,296	-	-	-	-	115,681
Quoted unit trusts in Malaysia	90,911	-	-	-	-	-	-	90,911	90,911
Unquoted unit trusts in Malaysia	479,451	-	-	-	-	-	-	479,451	479,451
Unquoted unit trusts outside Malaysia	305,435	-	-	-	-	-	-	305,435	305,435
Commercial paper	4,957	5,000	-	-	-	-	-	-	5,000
Fixed deposits with licensed financial institutions	720,881	722,684	-	-	-	-	-	-	722,684
Other investments	14,772	1,396	1,396	1,396	1,396	1,396	7,792	-	14,772
Collateralised interest rate swap	16,857	-	-	-	16,857	-	-	-	16,857
Cross currency swap	171	-	171	-	-	-	-	-	171
Reinsurance contract assets	542,263	343,752	188,232	35,176	3,417	-	-	-	570,577
Other assets*	89,326	67,792	14,032	2,378	1,679	1,035	2,700	-	89,616
Cash and cash equivalents	1,561,635	1,561,625	-	-	-	-	-	-	1,561,625
	25,262,710	4,615,420	1,866,704	2,172,218	1,967,677	2,257,672	13,236,662	4,109,264	30,225,617

* Excluding balance with MMIP.

32. Financial risks (continued)

32.2 Liquidity risk (continued)

Maturity profiles (continued)

Company	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024									
Unquoted equity securities of corporations in Malaysia	**10,045**	-	-	-	-	-	-	**10,045**	**10,045**
Fixed deposits with licensed financial institutions	-	-	-	-	-	-	-	-	-
Other assets	**37,953**	**37,245**	**708**	-	-	-	-	-	**37,953**
Cash and cash equivalents	**44,179**	**44,179**	-	-	-	-	-	-	**44,179**
	92,177	**81,424**	**708**	-	-	-	-	**10,045**	**92,177**
2023									
Unquoted equity securities of corporations in Malaysia	12,364	-	-	-	-	-	-	12,364	12,364
Fixed deposits with licensed financial institutions	6,060	6,060	-	-	-	-	-	-	6,060
Other assets	337,254	336,474	780	-	-	-	-	-	337,254
Cash and cash equivalents	44,493	44,493	-	-	-	-	-	-	44,493
	400,171	387,027	780	-	-	-	-	12,364	400,171

32. Financial risks (continued)

32.2 Liquidity risk (continued)

Maturity profiles (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities of life insurance and general insurance, maturity profiles are determined based on estimated timing of net cash outflows of the PVFCF from the recognised insurance liabilities.

Investment-linked funds' liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

Non-derivative financial liabilities

	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Group									
2024									
Insurance contract liabilities									
With DPF	3,636,286	580,297	224,480	223,662	214,544	205,486	5,174,844	-	6,623,313
Without DPF	17,583,589	5,205,945	798,025	568,103	429,619	470,937	9,860,971	-	17,333,600
Reinsurance contract liabilities									
With DPF	(10,318)	(10,318)	-	-	-	-	-	-	(10,318)
Without DPF	142,499	43,017	(1,868)	620	2,841	4,780	128,154	-	177,544
Lease liabilities	17,731	11,494	6,283	158	-	-	-	-	17,935
Other liabilities	641,144	641,142	-	-	-	-	-	-	641,142
Total liabilities	22,010,931	6,471,577	1,026,920	792,543	647,004	681,203	15,163,969	-	24,783,216
Company									
2024									
Other liabilities	19,356	19,356	-	-	-	-	-	-	19,356

32. Financial risks (continued)

32.2 Liquidity risk (continued)

Maturity profiles (continued)

Non-derivative financial liabilities (continued)

	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Group									
2023									
Insurance contract liabilities									
With DPF	3,685,535	638,927	258,768	219,981	217,160	209,660	5,185,135	-	6,729,631
Without DPF	15,630,395	4,523,738	1,076,778	387,283	279,603	326,001	8,806,808	-	15,400,211
Reinsurance contract liabilities									
With DPF	(8,902)	(8,902)	-	-	-	-	-	-	(8,902)
Without DPF	78,679	(12,635)	(1,966)	351	2,442	4,307	116,027	-	108,526
Lease liabilities	25,304	11,569	11,490	3,669	-	-	-	-	26,728
Other liabilities	803,793	803,793	-	-	-	-	-	-	803,793
Total liabilities	20,214,804	5,956,490	1,345,070	611,284	499,205	539,968	14,107,970	-	23,059,987
Company									
2023									
Other liabilities	276,493	276,493	-	-	-	-	-	-	276,493

32. Financial risks (continued)

32.2 Liquidity risk (continued)

Maturity profiles (continued)

Derivative financial liabilities

The table below analyses the Group's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

Group 2024	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Derivatives held for trading								
Cross currency swaps	-	-	(2,842)	(265)	-	-	-	(3,107)
Derivatives used for hedging								
Forward purchase agreements								
- Cash inflows	-	-	-	-	-	-	-	-
- Cash outflows	-	-	-	-	-	-	-	-
Net cash outflows	-	-	(2,842)	(265)	-	-	-	(3,107)

Group 2023	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Derivatives held for trading								
Cross currency swaps	-	-	(3,912)	(963)	-	-	-	(4,875)
Derivatives used for hedging								
Forward purchase agreements								
- Cash inflows	-	-	-	-	-	-	-	-
- Cash outflows	-	-	-	-	-	-	-	-
Net cash outflows	-	-	(3,912)	(963)	-	-	-	(4,875)

Notes to the Financial Statements

32. Financial risks (continued)

32.2 Liquidity risk (continued)

Maturity profiles (continued)

The amounts from insurance contract liabilities that are payable on demand are set out below:

Group	Amount payable on demand 2024 RM'000	Carrying amount 2024 RM'000	Amount payable on demand 2023 RM'000	Carrying amount 2023 RM'000
Direct participating contracts	**3,182,184**	**13,976,313**	3,300,469	13,976,313
Other non-participating insurance contracts	**11,925,758**	**2,400,470**	10,522,983	1,067,007
	15,107,942	**16,376,783**	13,823,452	15,043,320

32.3 Market risk

Market risk is the risk of loss arising due to changes in market prices or parameters influencing market prices, and in particular the resultant interest rate guarantee risks from asset liability management or from changes to participations. This includes changes in market prices due to worsening of market liquidity. Market risk comprises currency risk, interest rate risk and equity price risk.

The following risk mitigation actions are in place to control and monitor such risk:

- IC actively monitors the investment activities undertaken by the Group.
- IC would make recommendations after balancing competing and legitimate objective of various stakeholders.
- The Investment Policy and Mandate which formulated the single counterparty limits, company limits and sector limits are in place. Compliance to such limits is monitored monthly and reported to RMWC, RMC and IC on a quarterly basis.
- Stress testing is performed as and when needed.
- Stop loss policy is in place.

The Group also issues investment-linked policies in a number of products. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the value of the assets in the funds. The Group's exposure to market risk on this business is limited to the extent that income arising from fund management charges is based on the value of the assets in the funds.

32.3.1 Currency risk

Currency risk is the risk arising from the fluctuation of foreign exchange rates.

The Group's primary transactions are carried out in RM, and its exposure to foreign exchange risk arises principally with respect to US Dollar (USD), Singapore Dollar (SGD), Thai Baht (THB), European Union (EUR) and Indonesian Rupiah (IDR). As the Group's business is conducted primarily in Malaysia, the Group's financial assets are also primarily maintained in Malaysia as required under the FSA and hence, primarily denominated in the same currency (RM) as its insurance contract liabilities. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled.

As the Group's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group has no significant concentration of foreign currency risk. All currency risk in investment-linked funds is borne by policyholders.

Notes to the Financial Statements

32. Financial risks (continued)

32.3 Market risk (continued)

32.3.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

Group	Insurance and shareholders' fund 2024 RM'000	Investment-linked funds 2024 RM'000	Insurance and shareholders' fund 2023 RM'000	Investment-linked funds 2023 RM'000
Financial assets Denominated in				
USD	**104,244**	**449,380**	106,385	272,428
EUR	**-**	**4,228**	-	-
SGD	**-**	**2,147**	-	87,114
THB	**-**	**14,435**	-	892
IDR	**-**	**15,016**	-	17,773

Currency risk sensitivity analysis

It is estimated that a 10% (2023: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased the insurance contract liabilities by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted income and expenses.

Group	Impact on insurance contract liabilities 2024 RM'000	Impact on insurance contract liabilities 2023 RM'000
Denominated in		
USD	**(55,362)**	(37,881)
EUR	**(423)**	-
SGD	**(215)**	(8,711)
THB	**(1,444)**	(89)
IDR	**(1,502)**	(1,777)

It is estimated that a 10% (2023:10%) weakening of the RM against the above currencies at the end of the reporting period would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all variables remained constant.

The method used for deriving sensitivity information and significant variables did not change from previous year.

Only Life Participating fund and investment-linked funds invested in foreign financial instruments.

32. Financial risks (continued)

32.3 Market risk (continued)

32.3.2 Interest rate risk

The Group is affected by changes in market interest rate because the change in interest rates will affect the value of mark to market fixed income investments and also the valuation of the liabilities, resulting in the risk of not being able to meet product guarantees.

Besides, due to the uncertainty of the cash flows of the insurance funds and scarcity of the longer dated instruments, it is not possible to hold assets that will perfectly match the policy liabilities.

Interest rate risk sensitivity analysis

The analysis below is performed for assumed movements of 100 bps in interest rate with all other variables held constant, showing the impact on the profit after tax, equity and insurance contract liabilities.

Life insurance:

Group	Change in variables	Impact on profit after tax RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
31 December 2024				
Interest rate	**+100 basis points**	**-**	**(138,683)**	**(534,801)**
Interest rate	**-100 basis points**	**-**	**148,986**	**599,087**
31 December 2023				
Interest rate	+100 basis points	-	(123,336)	(534,801)
Interest rate	-100 basis points	-	132,429	599,087

The impact on profit after tax would be dependent on whether the interest rate risk resides in Shareholders' fund, Life Non-Participating fund, Life Participating fund, or investment-linked funds. Where the interest rate risk resides in shareholders' fund and life non-participating fund, the impact will be directly to profit after tax and equity of the Group. In respect of life participating fund and investment-linked funds, impact arising from changes in interest rate risk will affect the insurance contract liabilities. It should be noted that movements in these variables are non-linear.

* The impact on equity reflects adjustments for tax, where applicable.

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

Notes to the Financial Statements

32. Financial risks (continued)

32.3 Market risk (continued)

32.3.2 Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

General insurance:

Group	Change in variables	Impact on profit after tax RM'000	Impact on equity RM'000
31 December 2024			
Interest rate	**+ 100 basis points**	**1,118**	**(79,458)**
Interest rate	**+ 50 basis points**	**552**	**(39,686)**
Interest rate	**- 100 basis points**	**(1,190)**	**78,980**
Interest rate	**- 50 basis points**	**(602)**	**39,534**
31 December 2023			
Interest rate	+ 100 basis points	995	(93,339)
Interest rate	+ 50 basis points	496	(46,632)
Interest rate	- 100 basis points	(1,423)	92,598
Interest rate	- 50 basis points	(518)	46,532

It should be noted that movements in these variables are non-linear.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

32.3.3 Equity price risk

Equity price risk is the risk that fair value of FCF of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rates or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issuer or factors affecting similar financial instruments traded in the market.

The Group's equity price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally with respect to investments securities not held for the account of the investment-linked business.

The Group's equity price risk policy requires it to prioritise capital preservation besides setting limits on overall portfolio, single security and sector holdings. The Group complies with BNM stipulated limits during the financial year and has no significant concentration of equity price risk.

Equity price risk sensitivity analysis

The analysis below is performed for reasonable possible movements in key variables with all other variables held constant, showing the impact on profit after tax, equity and insurance contract liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on equity price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Notes to the Financial Statements

32. Financial risks (continued)

32.3 Market risk (continued)

32.3.3 Equity price risk (continued)

Equity price risk sensitivity analysis (continued)

Life insurance:

Group	Changes in variables	2024 Impact on profit after tax# RM'000	2024 Impact on equity* RM'000	2024 Impact on insurance contract liabilities** RM'000	2023 Impact on profit after tax# RM'000	2023 Impact on equity* RM'000	2023 Impact on insurance contract liabilities** RM'000
Market indices							
Market value	+10%	**-**	**-**	**(362,951)**	-	-	(300,972)
Market value	-10%	**-**	**-**	**362,951**	-	-	300,972

\# The impact on profit after tax would be dependent on whether the equity price risk resides in Shareholders' fund, Life Non-Participating fund, Life Participating fund or investment-linked funds. Where the equity price risk resides in shareholders' fund and life non-participating fund, the profit after tax and equity of the Group will be impacted. In respect of life participating fund and investment-linked funds, impact arising from changes in equity price risk will affect the insurance contract liabilities. The above sensitivity test would yield proxy results if market price were to move in the opposite direction, with the Group.

* The impact on equity reflects adjustments for tax, where applicable.

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the participating insurance business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

Only life participating fund, universal life fund and investment-linked funds invested in equity securities.

Notes to the Financial Statements

32. Financial risks (continued)

32.4 Operational risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Group's objectives resulting from inadequate or failed internal processes and systems, human factors or external events.

Relevant operational risks and control weaknesses are identified and evaluated via a structured self-assessment. Besides, operational risk events are collected so that significant losses can be used to analyse and provide measures aimed at avoiding or reducing future losses.

The Group puts in place the following controls to monitor and mitigate such risk:

- Effective segregation of duties;
- Access controls, authorisation and reconciliation procedures;
- Automation of processes where possible;
- Staff training; and
- Evaluation procedures such as internal audit.

32.5 Fair value of financial instruments

The Group's and the Company's basis in estimation of fair values for financial instruments is as follows:

- The fair values of structured deposits, negotiable certificate of deposits, collateralised interest rate swap and cross currency swap are based on the indicative market prices from the issuing banks.

- The fair values of quoted equity securities of corporations in and outside Malaysia and quoted unit trusts in Malaysia are based on quoted market bid price as at the end of the reporting period.

- The unquoted equity securities of corporations in Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified.

- The fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank.

- The fair values of unquoted unit trust in and outside Malaysia are based on the net asset values of the unit trusts as at the date of the statements of assets and liabilities obtained from fund managers.

- The carrying amounts of mortgage loans and fixed and deposits are assumed to reasonably approximate their fair values; and

- The carrying amounts of cash and cash equivalents, other assets (current) and other liabilities (current) reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Estimation of the fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by the custodian bank which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

It was not practicable to estimate the fair value of the Group's investment in unquoted equity securities of corporations in Malaysia due to lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

Notes to the Financial Statements

32. Financial risks (continued)

32.5 Fair value of financial instruments (continued)

32.5.1 Fair value information

The table below analyses financial instruments carried at fair value.

Group	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2024						
Financial assets						
Malaysian government securities	-	9,405,947	-	9,405,947	9,405,947	9,405,947
Malaysian government guaranteed bonds	-	3,576,506	-	3,576,506	3,576,506	3,576,506
Quoted equity securities of corporations in Malaysia	3,876,793	-	-	3,876,793	3,876,793	3,876,793
Quoted equity securities of corporations outside Malaysia	17,329	-	-	17,329	17,329	17,329
Unquoted equity securities of corporations in Malaysia	-	-	42,366	42,366	42,366	42,366
Unquoted bonds of corporations in Malaysia	-	6,178,059	-	6,178,059	6,178,059	6,178,059
Unquoted bonds of corporations outside Malaysia	-	104,244	-	104,244	104,244	104,244
Quoted unit trusts in Malaysia	90,271	-	-	90,271	90,271	90,271
Unquoted unit trusts in Malaysia	-	359,098	-	359,098	359,098	359,098
Unquoted unit trusts outside Malaysia	-	467,877	-	467,877	467,877	467,877
Collateralised interest rate swap	-	12,934	-	12,934	12,934	12,934
Cross currency swap	-	150	-	150	150	150
Other investments	-	-	3,795	3,795	3,795	3,795
Fixed deposits with licensed financial institutions	-	998,670	-	998,670	998,670	998,670
	3,984,393	21,103,485	46,161	25,134,039	25,134,039	25,134,039
Financial liability						
Cross currency swap	-	3,107	-	3,107	3,107	3,107
	-	3,107	-	3,107	3,107	3,107

Notes to the Financial Statements

32. Financial risks (continued)

32.5 Fair value of financial instruments (continued)

32.5.1 Fair value information (continued)

The table below analyses financial instruments carried at fair value.

Group	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2023						
Financial assets						
Malaysian government securities	-	8,922,906	-	8,922,906	8,922,906	8,922,906
Malaysian government guaranteed bonds	-	3,161,120	-	3,161,120	3,161,120	3,161,120
Quoted equity securities of corporations in Malaysia	3,129,958	-	-	3,129,958	3,129,958	3,129,958
Quoted equity securities of corporations outside Malaysia	88,998	-	-	88,998	88,998	88,998
Unquoted equity securities of corporations in Malaysia	-	-	14,511	14,511	14,511	14,511
Unquoted bonds of corporations in Malaysia	-	6,012,173	-	6,012,173	6,012,173	6,012,173
Unquoted bonds of corporations outside Malaysia	-	106,385	-	106,385	106,385	106,385
Quoted unit trusts in Malaysia	90,911	-	-	90,911	90,911	90,911
Unquoted unit trusts in Malaysia	-	479,451	-	479,451	479,451	479,451
Unquoted unit trusts outside Malaysia	-	305,435	-	305,435	305,435	305,435
Collateralised interest rate swap	-	16,857	-	16,857	16,857	16,857
Cross currency swap	-	171	-	171	171	171
Commercial paper	-	4,957	-	4,957	4,957	4,957
Other investments	-	-	14,772	14,772	14,772	14,772
Fixed deposits with licensed financial institutions	-	720,881	-	720,881	720,881	720,881
	3,309,867	19,730,336	29,283	23,069,486	23,069,486	23,069,486
Financial liability						
Cross currency swap	-	4,875	-	4,875	4,875	4,875
	-	4,875	-	4,875	4,875	4,875

There has been no transfer between Level 1, Level 2 and Level 3 fair values during the financial year (2023: no transfer in either direction).

Notes to the Financial Statements

33. Capital management

The Group aims to maintain a robust capital management in both its general and life insurance businesses to sustain adequate solvency levels to support business growth, dividend payment to shareholders, return on equity and maintaining capital adequacy above the regulatory requirements. There are no significant changes to the Group's capital management policies and processes during the financial year.

The primary sources of capital of the Group and the Company are shareholder's equity as disclosed in the statement of changes in equity. Share Capital of the Group and the Company comprises ordinary share capital and ICPS.

Regulatory capital requirements

Under the RBC Framework issued by BNM, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum CAR of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The insurance subsidiaries of the Group have been in compliance with the said requirement by maintaining a CAR that is in excess of minimum requirements.

34. Contingent liabilities

On 10 August 2016, the Malaysia Competition Commission ("MyCC") commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia ("PIAM") and all 22 general insurers including the Company's general insurance subsidiary, Allianz General Insurance Company (Malaysia) Berhad ("AGIC"), of Section 4(2)(a) of the Competition Act 2010 ("CA"). The alleged infringement is in relation to the agreement reached between PIAM and the Federation Of Automobile Workshop Owners' Association Of Malaysia ("FAWOAM") in relation to trade discount rates on the parts for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops. These rates were applied by AGIC pursuant to a members' circular issued by PIAM, which arose from Bank Negara Malaysia ("BNM")'s directive to PIAM to engage FAWOAM to resolve the issues of parts trade discounts and labour hourly rate.

On 22 February 2017, AGIC received MyCC's notice of its proposed decision ("Proposed Decision") that AGIC and all the other 21 general insurers who are PIAM members had infringed one of the prohibitions under Part II of the CA. The Proposed Decision included a proposed financial penalty of RM213,454,814 on all the 22 general insurers. AGIC had a share of RM27,480,883 of the proposed penalty.

Following the parties' submission of their respective written representations and the Hearing of the oral representations, on 25 September 2020, AGIC's solicitors received MyCC's Decision that parties had infringed the prohibition under section 4 of the CA and imposed financial penalties for the said infringement on each of the 22 general insurers ("MyCC's Decision").

In view of the impact of the Covid-19 pandemic, MyCC had granted a reduction of 25% of the said financial penalties imposed and a moratorium period of up to 6 months for the payment of the financial penalties to be made by 6 equal monthly instalments. The financial penalty imposed on AGIC, taking into account the 25% reduction amounts to RM18,549,595.97.

Appeal filed with the Competition Appeal Tribunal

On 13 October 2020, AGIC filed a Notice of Appeal against MyCC's Decision ("Appeal") with the Competition Appeal Tribunal ("CAT") and a formal Notice of Application was filed to the stay MyCC's Decision on 12 November 2020 ("Stay Application").

In response to AGIC's Notice of Appeal, MyCC filed a Statement in Reply ("SIR") and AGIC filed its Reply to the SIR on 11 December 2020.

Notes to the Financial Statements

34. Contingent liabilities (continued)

Appeal filed with the Competition Appeal Tribunal (continued)

Upon conclusion of the hearing of the respective parties' submissions, on 23 March 2021, the CAT allowed the Stay Application, pending the disposal of the Appeal.

As for the appeal proceedings before the CAT, MyCC as well as several other insurers presented their oral submissions on hearing dates in March and April 2022. AGIC presented its submissions in reply on 21 April 2022 and 22 April 2022 whereupon all parties' submissions concluded.

On 2 September 2022, the CAT unanimously allowed AGIC's appeal along with the appeals of PIAM and the other 21 general insurers ("CAT's Decision") thereby setting aside MyCC's Decision.

AGIC's Application for leave for Judicial Review filed at the High Court of Malaya

Separately, on 26 April 2021, the High Court of Malaya granted AGIC leave to apply for Judicial Review of MyCC's Decision and an interim stay of MyCC's Decision until the hearing of any objection or application by MyCC to set it aside. AGIC filed its Notice of Hearing of Application for Judicial Review at the High Court on 9 May 2021 ("AGIC's JR Proceedings") and MyCC then filed an application against the orders granting AGIC leave to apply for judicial review and interim stay ("MyCC's Setting Aside Application").

On conclusion of the parties' submissions, the High Court decided on 20 October 2021 to allow MyCC's Setting Aside Application. On its solicitors' recommendation, AGIC filed a Notice of Appeal against the said decision on 18 November 2021 ("AGIC's Appeal"). The matter was then fixed for further case management on 8 September 2022.

In light of the CAT's Decision, AGIC through its solicitors withdrew AGIC's Appeal since the same was superseded by the CAT's Decision. The case management on 8 September 2022 was vacated thereby bringing AGIC's JR Proceedings to an end.

MYCC's Application for leave for Judicial Review filed at the High Court of Malaya

On 1 December 2022, MyCC filed an application at the High Court of Malaya seeking leave to apply for Judicial Review against CAT's Decision ("MyCC's Leave Application") and AGIC's solicitors filed an affidavit on AGIC's behalf to object to the said application.

MyCC in turn filed a further affidavit on 17 April 2023 and in response thereto, on 2 May 2023, AGIC's solicitors filed a further affidavit on behalf of AGIC.

MyCC's Leave Application initially fixed for Hearing on 8 May 2023 was converted into a case management at which the Court fixed a further case management for 16 May 2023 for parties to fix a new Hearing date for MyCC's Leave Application. At the case management on 16 May 2023, the Court fixed the Hearing for MyCC's Leave Application for 30 November 2023.

At the Hearing on 30 November 2023, the parties' solicitors made their respective oral submissions to the Court which then fixed 16 January 2024 to deliver its decision.

On 16 January 2024, the Court dismissed MyCC's Leave Application with the cost of RM10,000.00 to each insurer (including AGIC) and PIAM.

On 15 February 2024, MyCC filed an appeal at the Court of Appeal against the High Court's decision in dismissing MyCC's Leave Application. The Court of Appeal had fixed the case management on 15 May 2024. In the said case management, the Court of Appeal fixed the hearing for MyCC's Leave Appeal on 22 May 2025.

Statements by Directors

pursuant to Section 251 (2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 8 to 214 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Zakri Bin Mohd Khir
Director

....

Peter Ho Kok Wai
Director

Kuala Lumpur

Date: 28 February 2025

Statutory Declaration

pursuant to Section 251 (1)(b) of the Companies Act 2016

I, **Giulio Slavich**, the officer primarily responsible for the financial management of Allianz Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 214 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Giulio Slavich, at Kuala Lumpur in the Federal Territory on 28 February 2025.

....

Giulio Slavich

Before me:

Thangaperumal A/L Andimuthu
No. W919
Pesuruhjaya Sumpah
Kuala Lumpur

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Allianz Malaysia Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statement of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 284.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operates.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of insurance contract liabilities – Life insurance contract liabilities Refer to accounting policies 2.12, 2.21.2 and Notes 14(a) and 31.1 of the Financial Statements. As at 31 December 2024, the Group's life insurance contract liabilities comprise gross liabilities for remaining coverage and liabilities for incurred claims of RM16,377 million, which account for approximately 72.3% of the Group's total liabilities. The life insurance contract liabilities have been estimated based on actuarial valuation methodologies prescribed in MFRS 17. We focused on management's valuation of the life insurance contract liabilities as it involves significant judgement about uncertain future outcomes, including non-economic assumptions, discount rates, risk adjustment as well as the actuarial valuation methodologies.	Our audit procedures included the following: We evaluated the design and tested key controls over the models and assumptions used in the valuation of the liabilities for remaining coverage and liabilities for incurred claims, including controls over the reliability of data used in the calculation of these liabilities. We engaged our actuarial experts in assessing if the valuation methodologies used by the Group is in accordance with the principles prescribed in MFRS 17 'Insurance Contracts'. We assessed the reasonableness of the key actuarial assumptions, particularly around mortality, morbidity, persistency, expense, discount rate by: i) Reviewing the approach used by management to derive the assumptions using our industry knowledge and experience; ii) Comparing them with the Group's actual historical experience, market observable data (as applicable) and our views of current trends and experience to-date. We performed an independent review of model points on a sample basis to assess if the methodologies and assumptions reviewed have been consistently applied. We performed independent recalculation of the amortisation of the contractual service margin during the year for selected products. The results are compared to those recognised by management. We assessed the analysis of movements in the insurance contract liabilities to determine whether the movements during the year are consistent with key actuarial assumptions adopted by the Group and our knowledge of developments in the life insurance business. Based on the procedures performed, we found the methodologies and key assumptions used by the Group in the valuation of the life insurance contract liabilities as at 31 December 2024 to be appropriate.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of insurance contract liabilities – General insurance contract liabilities Refer to accounting policies 2.13, 2.21.1 and Notes 14(b) and 31.2 of the Financial Statements. As at 31 December 2024, the Group has gross general insurance contract liabilities of RM4,843 million, which account for approximately 21.4% of the Group's total liabilities. The general insurance contract actuarial liabilities have been estimated based on actuarial valuation methodologies as allowed under MFRS 17. We focused on management's valuation of the actuarial liabilities as it involves significant judgement about uncertain future outcomes, including assumptions on past claims development experiences, management's judgement on external factors and regulatory changes, and internal factors such as portfolio mix and claims handling process.	Our audit procedures included the following: We evaluated the design and tested key controls over the valuation process, including controls over the completeness and accuracy of claim settlement data that support key reserving calculations and controls over the valuation of general insurance liabilities for remaining coverage and liabilities for incurred claims. We tested the underlying data used in estimation of the liabilities for remaining coverage and liabilities for incurred claims to source documents. We engaged our actuarial experts in reviewing and assessing the methodologies, basis and key assumptions used in the valuation of the liabilities for remaining coverage and liabilities for incurred claims in accordance with MFRS 17 requirements. We reviewed and assessed the reasonableness of key actuarial assumptions by referencing to the Group's historical experiences, current trends and our own industry knowledge. Our actuarial experts performed independent re-projections of the liabilities for incurred claims for selected major portfolios, focusing on the largest and most uncertain liabilities. The re-projected liabilities/ assets for incurred claims and liabilities/ assets for remain coverage – loss components and loss recovery components are compared to those recognised by management and evaluated if they are within reasonable range. Based on the procedures performed, we found the methodology and key assumptions used by the Group in the valuation of general insurance contract liabilities as at 31 December 2024 to be appropriate.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Assessment of carrying values of goodwill and other intangible assets Refer to accounting policies 2.4.1, 2.4.3 and Notes 5.1 and 5.3 of the Financial Statements. **a) Goodwill** The Group recorded goodwill of RM244.6 million as at 31 December 2024 which arose from a number of acquisitions made in prior years. For the purposes of the annual impairment assessment of goodwill, the Group determined that the recoverable amount of all cash-generating units ("CGU") was based on value-in-use ("VIU") which involves estimation of future cash flows. This estimation is inherently uncertain and requires significant judgement on both future cash flows and the discount rate applied to the future cash flows. Therefore, the extent of judgement and the size of the goodwill resulted in this matter being identified as an area of audit focus. **b) Other intangible assets** The Group recorded other intangible assets of RM133.3 million as at 31 December 2024, which comprises the carrying amounts of the bancassurance agreements for its general and life insurance businesses. For the year ended 31 December 2024, management performed an impairment assessment over the other intangible assets based on the VIU method using the discounted cash flow approach, as well as performing sensitivity analysis by varying the key assumptions used (annualised premium growth rate and discount rate) to assess the impact on the impairment assessments. We focused on this area due to the significant judgement and inherent uncertainty involved in the estimation process. Based on the assessments performed, the recoverable amounts of goodwill and other intangible assets exceed the carrying values and therefore no impairment is required.	Our audit procedures included the following: i) Assessed that each CGU represents the smallest identifiable group of assets that generate independent cash flows based on our understanding of the business model of the Group; ii) Compared the cash flow projections of each CGU to the approved budget for the respective CGU; iii) Compared previous cash flow projections to actual results of each CGU to assess the reasonableness of assumptions used in the cash flow projections; iv) Independently computed discount rates which reflect the specific risks relating to each CGU based on publicly available information; v) Assessed the reasonableness of the terminal growth rates based on historical results, economic outlook and industry forecasts; vi) Independently performed a sensitivity analysis over projected cash flows, terminal growth rates and discount rates used in deriving the VIU to assess the potential impact of a reasonably possible change to any of these key assumptions on the recoverable amount of each CGU. In addition to the procedures performed on the cash flows from the goodwill as described above, we performed the following audit procedures: i) Compared the discount rates used to determine the recoverable amounts of the other intangible assets to the discount rates used to determine the recoverable amounts of the CGUs; ii) Assessed the reasonableness of the annualised premium growth rates based on historical results, economic outlook and industry forecasts; iii) Independently performed a sensitivity analysis over projected cash flows, annualised premium growth rates and discount rates used in deriving the VIU of the other intangible assets. Based on the procedures performed, we did not find any material exceptions to the conclusions made by the Group on the impairment assessment of goodwill and other intangible assets as at 31 December 2024.

We have determined that there are no key audit matters to report for the Company.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and remaining parts of the annual report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

WONG HUI CHERN
03252/05/2024 J
Chartered Accountant

Kuala Lumpur
28 February 2025

Allianz Malaysia Berhad
197201000819 (12428-W)

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